

# **Comprehensive Annual Financial Report**

**for the  
Fiscal Year Ended  
June 30, 2005**

## **GRANITE SCHOOL DISTRICT**

**2500 South State Street  
Salt Lake City, Utah 84115  
[www.graniteschools.org](http://www.graniteschools.org)**

**Patricia G. Sandstrom, President of the Board  
Dr. Stephen F. Ronnenkamp, Superintendent  
David F. Garrett, Business Administrator/Treasurer**

**Prepared by:  
Chris A. Lewis, Director of Accounting Services  
and Leon Wilcox, Accountant**

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## Business Administration - Accounting Services

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Salt Lake City, Utah 84115-3110  
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[www.graniteschools.org/accounting](http://www.graniteschools.org/accounting)

November 22, 2005

To the Board of Education and Patrons of Granite School District:

State law requires that school districts publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited by a firm of licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America. In fulfillment of those requirements, we submit herewith the comprehensive annual financial report (CAFR) of the Granite School District for the fiscal year ended June 30, 2005.

This report is comprehensive in nature in that it includes all governmental departments, agencies, institutions, commissions, public authorities or other governmental organizations for which the district is financially accountable.

To meet the needs of potential users, this CAFR is presented in three major sections:

1. Introductory Section - Introduces the reader to the report and includes this transmittal letter, a list of elected and appointed officials, certificates of excellence in financial reporting, the District's organizational chart, and a map of the District.
2. Financial Section - Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements (including the notes to the basic financial statements), and combining and individual fund financial statements and schedules.
3. Statistical Section - Contains substantial financial information, but presents tables that differ from financial statements in that they present non-accounting data, cover several years, and are designed to reflect social and economic data and financial and fiscal trends as well as the fiscal capacity of the District.

**Responsibility** - Management of the District is expressly responsible for both the content and presentation of the report. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

**Internal controls** - To provide a reasonable basis for such a representation, management of the District has established a comprehensive internal control framework designed to both protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's internal controls are designed to provide reasonable assurance rather than absolute assurance that the financial statements are free from material misstatement.

**Independent audits** – Squire & Company, PC, a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

As a recipient of federal funding (referred to as "awards"), the District's independent audit of the financial statements becomes a part of a broader, federally mandated "Single Audit" designed to meet the specific needs of federal grantor agencies. The standards governing a Single Audit require the independent auditor to report not only on the fair presentation of the financial statements, but also on the District's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards.

As a recipient of state funding, the District was also subject to and underwent a state legal compliance audit, the purpose of which is to examine general and major state program compliance with applicable state laws and regulations.

A report entitled Single Audit and State of Utah Legal Compliance Reports is available from the District as a separately issued document.

**Management's discussion and analysis** - GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

**District profile** - The District was created December 15, 1904 by a resolution of the Salt Lake County Commissioners. Located immediately south of Salt Lake City, the District covers almost 300 square miles and includes several urban and suburban communities comprising approximately the northern half of the county.

The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members who are elected from among the District's seven precincts. Board members serve four-year staggered terms with no more than four board members elected every two years. The Board has the power to determine its own budget, incur bonded debt, levy taxes and also can sue or be sued without recourse to any other body of government.

The major purpose of the District is to provide public education. In 1904, the District's student population stood at 4,258. Through the years, it increased to a high of 78,387 for the 1991-92 school year and has since declined to 66,678 for the 2004-05 school year. To accomplish its purpose, the District operates 61 elementary schools, 16 junior high schools, 9 accredited high schools, and 4 special program schools. In addition, the District offers an adult and community education program for non-traditional students. The District is an equal opportunity employer and actively recruits teachers from universities throughout the nation.

The U.S. Department of Education, National Center for Education Statistics, ranks the District as the 47<sup>th</sup> largest public school district in the United States for the 2002-03 school year. There are more than 15,000 school districts in the nation. The Utah Department of Workforce Services ranks the District as the 7<sup>th</sup> largest employer in the state as of December, 2003.

**Budgetary control** - For accounting purposes, the District is not treated as a single entity. Instead, it is treated as a collection of smaller, separate accounting entities known as funds. Funds are created to segregate and keep track of specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. Utah law requires the District to have a balanced budget for its funds and requires that all annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve.

In the months preceding each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1<sup>st</sup>. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30<sup>th</sup>. If the proposed budget does not include a tax increase, a public hearing is held before the beginning of the next fiscal year according to Utah law at which time the budget is legally adopted by the Board after obtaining taxpayer input. If the proposed budget does include a tax increase, the Board accepts a tentative budget to begin the year and within a few months holds a public hearing on the tax increase at which time the budget is legally adopted by the Board after obtaining taxpayer input. Once adopted, the budget acts as the financial operating plan for the entire year. The Board, upon recommendation of the Superintendent, can reduce the budget during the year. To increase the budget, however, the Board must conduct another public hearing prior to approving the increase.

The level at which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund. Therefore, as a matter of practicality, the budget of the District is usually amended only once each year when the Board also takes action on the new fiscal year budget.

**Economic condition and outlook** - The economic condition of the District is largely dependent upon two major factors; first, the broader state economy that is increasingly tied to the national and global economies and second, the views of the governor's office and state legislature toward funding public education with the resources generated by the state. State funding for education is always a significant issue in Utah because children represent such a large percentage of the population. When compared to other states, there are two factors that put the State in a difficult situation when it comes to generating tax revenue to fund public education. First, Utah is near the middle in terms of household income. Second, Utah has larger households. The result is less income available per child. Utah is near the top when measuring the share of income devoted to education and yet is currently the state with the lowest per-pupil funding.

During the 1990's, Utah experienced broad-based and rapid economic growth that reflected the state's deepening integration with the national economy. The result was a highly diversified state economy. This diversification has continued to mature and yield positive effects to the current day. No longer does the state rely on any one industry for survival. However, the national slowdown that began with the 2001 recession took its toll locally as Utah's economy slowed significantly in 2002 and 2003. Tax collections for the state decelerated. Since public education in Utah is funded largely by the personal income tax, this created quite a problem for the state. As tax collections slowed with the economy, the Governor's budget reflected corrective measures in the form of spending hold backs that were required to compensate for the decelerating tax

collections. These hold backs translated into cuts from many state budgets. However, public education was spared the majority of these cuts largely because of the high priority the Governor and the Legislature places on public education.

Utah's economy improved significantly in 2004 ending the slowdown. In fact, growth has accelerated. Continuing the trend from the 1990's, Utah outperformed the nation in 2004, with job growth of 2.5%, compared to just 1.0% nationally. Utah performs better economically than the nation over the long run due to strong internal population growth, a young well-educated workforce, low business costs, and a strong work ethic. These positive factors are inherent in the values of the populace and are not likely to change. Another matter not likely to change is the pressure to generate new revenue to fund public education. Add to that the expected burgeoning school enrollment (see below), and the prospect of maintaining, if not advancing, improvements in education over the next decade and one of the State's biggest economic and political challenges is readily identified.

The outlook calls for continued growth through 2005. Such performance will be enhanced if the national recovery remains on course. Employment growth in Utah is expected to ease somewhat as 2005 finishes out, averaging a growth rate of 2.4% for the year causing an expected unemployment rate drop to 4.7% in 2005 from 5.3% in 2004, signaling a strong economy. Population growth will also be at 2.4%, a slight increase over 2004's 2.3%, due to stronger net in-migration. With the economy growing again, wages will increase faster than inflation during 2005 and the standard of living in Utah should resume the upward trend of the 1990s. For the District, this translates into a somewhat stable but strained budget reality. However, working within budget constraints is nothing new. The District has a history of being fiscally responsible. As revenues fluctuate, the District will respond according to available resources.

**Student growth** - A significant factor to consider, in the analysis of Utah's long-term prosperity, is the prospect of providing the highest quality education for all students given the projected acceleration in the growth rate of school-aged population, (those aged 5 to 17). According to projections from the Utah Governor's Office of Planning and Budget, the state-wide school-aged population is expected to dramatically increase between 2005 and 2015 by an average of over 14,000 each year. Utah will have 147,000 more school-aged children in the state in 2015 as compared to 2005, which is an increase of 29%. The total population is expected to grow by roughly the same rate to 2010, so that the school-aged population share of the total population is expected to remain constant at about 22.5%. Much of the state-wide growth will have a direct impact on the District due to Kennecott Land which was established in 2001 to focus on protecting and developing Kennecott Utah Copper's non-mining land and water assets. Kennecott Land owns 93,000 acres of land in the Oquirrh Mountains and foothills, the largest remaining land holding in the Salt Lake Valley much of which is within the District. With the residential development expected in the Salt Lake Valley over the next 100 years, the District will have to plan for adequate funding to accommodate the incoming students as they arrive.

**Cash management and investments** - The District maintains a cash and investment pool that is available for use by all funds. The District invests all possible balances on a daily basis in overnight interest-bearing savings accounts and with the Public Treasurers' Investment Fund. All bank accounts are interest-bearing money market accounts earning interest on any temporarily idle funds. All investment activities fall within the guidelines of the State of Utah Money Management Act and the Money Management Council which governs the District's investment policies and provides a measure of depository protection. The Council issues a list of qualified depositories to public treasurers quarterly and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the laws and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be



deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The Council does not require collateralization of deposits. The District considers the actions of the Money Management Council to be helpful oversight for protection of its uninsured and uncollateralized bank deposits.

**Debt administration** – The District created a municipal building authority during the 2003-04 year in anticipation of acquiring a large complex via lease revenue bonds. This complex is being renovated into the Granite Education Center. The revenue bonds obligation at the end of the year stood at \$5,087,252 to be paid off in 2006. The funding to extinguish the bonds is provided for within the District's own long-range capital plan. The District has also entered into lease agreements for physical fitness equipment. The funding source to pay off these leases is no longer viable. The District has made other adjustments to its own budget to fund the lease payments. The current combined total lease obligation of \$462,022 will also be paid off in 2006. Aside from the lease revenue bonds, the physical equipment leases, and the obligations for early retirement and compensated absences, the District has no other debt. The Board of Education has chosen to use a pay-as-you-go philosophy to address major capital needs. By so doing, the District currently enjoys a significant savings from interest and bond issuance costs associated with debt.

**Post employment benefits** - Certain employees are eligible to receive post employment healthcare benefits. The District currently finances these benefits primarily as healthcare premiums are paid. With the recent issuance of authoritative guidance on accounting for post employment benefits that goes into effect for the District in the July 2007 - June 2008 fiscal year, the District is evaluating the future impact of these benefit plans under the new guidance and, when implemented, will follow the new prescribed methods of estimating the entire obligation. Although current guidance ignores the entire obligation, the District has elected to designate \$3.3 million of fund balance to help with what is expected to be a significantly larger estimated obligation. The District will also study options to advance fund the entire obligation.

**Risk management** - The District participates in the State Risk Management system, a pooled arrangement where the participating entities pay annual premiums that are designed to pay claims and build sufficient reserves so that the fund will be able to protect the participating entities with its own capital. The District has a deductible of \$100,000 on all property losses. The District is self-insured in all other areas that are not covered by the policy with State Risk Management with the exception of employee life and disability coverage.

**Awards** - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Granite School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

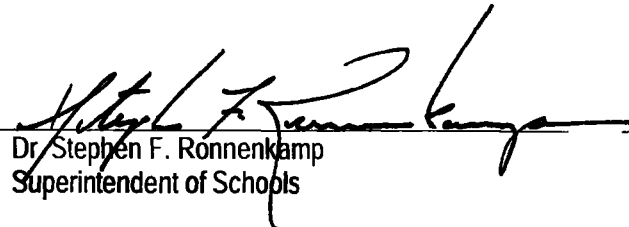
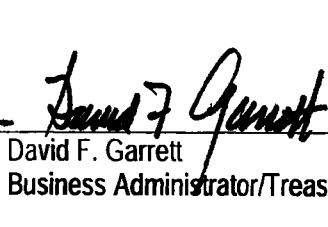
A Certificate of Achievement is valid for a period of one year only. This is the eleventh consecutive year the District has received this prestigious award. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Granite School District also received the Association of School Business Officials (ASBO) International's Certificate of Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This award certifies that the report substantially conforms to the principles and standards of financial reporting as recommended by the Association of School Business Officials International. The award is granted only after an intensive review of financial reports by an expert panel of certified public accountants and practicing school business officials and is also valid for a period of one year. This is the tenth consecutive year the District has received this prestigious award.

**Acknowledgements** - The preparation of this report on a timely basis could not have been performed without the efficient and dedicated employees in all of the business departments. Mitch Robison and Richard Welch have provided crucial help. Special appreciation is expressed to Chris A. Lewis and Leon Wilcox of the Accounting Services Department, where the major portion of this presentation has been compiled.

We would also like to thank President Patricia G. Sandstrom and the members of the Board of Education for their interest and support in conducting the financial affairs of this school District.

Respectfully submitted,

	
Dr. Stephen F. Ronnenkamp Superintendent of Schools	David F. Garrett Business Administrator/Treasurer

**THE GRANITE SCHOOL DISTRICT**  
**List of Elected and Appointed Officials**  
**June 30, 2005**

**Elected Officials**

	<u>Initial Appointment</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>
Patricia G. Sandstrom, President Precinct II	January, 1981	January, 2005	December, 2008
Hank Bertoch, Vice President Precinct VII	January, 2003	January, 2003	December, 2006
Carole E. Cannon, Member Precinct I	January, 2005	January, 2005	December, 2008
Connie Burgess, Member Precinct III	January, 2003	January, 2003	December, 2006
Sarah R. Meier, Member Precinct IV	January, 1997	January, 2005	December, 2008
Judy A. Weeks, Member Precinct V	January, 1999	January, 2003	December, 2006
Julene M. Jolley, Member Precinct VI	January, 1999	January, 2003	December, 2006

The term of office for a board member is four years, beginning on the first Monday in January following the election.

**Appointed Officials**

	<u>Initial Appointment</u>	<u>Present Term Began</u>	<u>Present Term Expires</u>
Dr. Stephen F. Ronnenkamp Superintendent	July, 1996	July, 2004	June, 2006
David F. Garrett Business Administrator/Treasurer	September, 1987	January, 2005	December, 2006

The term of office of the Superintendent and Business Administrator/Treasurer is two years.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Granite School Board,  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Enen*

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**GRANITE SCHOOL DISTRICT**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2004

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

  
President

  
Executive Director



**Granite**  
SCHOOL DISTRICT

## GRANITE SCHOOL DISTRICT ADMINISTRATION 2005

### BOARD OF EDUCATION

**Superintendent of Schools**  
**Dr. Stephen F. Ronnenkamp**

### Superintendent's Office

- **Granite Foundation**  
Scott Whipple, Director
- **Human Resources**  
Mike Fraser, Director  
Lloyd Bybee, Assoc. Dir.  
Donnette McNeill-Waters,  
Assoc. Dir.  
Dr. Kathryn Merrill, Asst. Dir.
- **Policy & Legal Services**  
Dr. Martin Bates,  
Assistant to the  
Superintendent
- **Public Relations**  
Randy Ripplinger,  
Director

**Support Services**  
**Dr. David L. Gourley**  
Assistant Superintendent

**Classified Recruitment & Safety Training**  
Rick Forsythe  
Associate Director

• **Custodial Services**  
Kent Fine, Supervisor

• **Energy Management**  
Bill McLeod, Coordinator

• **Granite Police**  
Jerry Nielsen, Chief of Police

• **Maintenance Services**  
Larry Mitchell, Director

• **Planning & Boundaries**  
Paul Shepherd, Director

• **School Facilities**  
Jim Day, Director

• **School Food Services**  
Bob Ward, Director

• **Transportation**  
Tom Given, Director

**Instructional Services**  
Linda Mariotti  
Assistant Superintendent

**Career & Technical Education**  
Craig Stoker  
Director

• **James Taylor**  
GTI Program Administrator

• **Curriculum**  
Mary Alice Rudelich  
Director

• **Instructional Technology**  
Dr. Jim Henderson  
Director

• **Professional Learning**  
Sydnee Dickson  
Director

• **Dr. Christine Huley**  
Associate Director

• **Research, Assessment, & Evaluation**  
Dr. Darryl Thomas  
Director

**School Services**  
Kevin D. Hague  
Assistant Superintendent

**K-12 School Networks**

• **Elementary Schools**  
Dr. Sharon Prescott  
Director

• **Sue McGhie-Troff**  
Director

• **Dr. Rob Averett**  
Director

• **Sundee Listello**  
Director

• **Secondary Schools**  
Dr. Louie J. Long  
Director

• **Dr. Annette Duzett**  
Director

**Program Services**  
**Dr. Paul S. Sagers, Jr.**  
Assistant Superintendent

**Educational Equity**  
Dr. Hagl Wesley, Director  
Charlene Lui, Asst. Dir.

• **Dr. Paul Ross**, Administrator

• **Granite Peaks Adult High School & Community Education**  
Dr. Claudia Thorum, Director

• **Pre-School Services**  
Brenda Broadbent, Director

• **Special Education**  
Dr. Kathryn McCarrie, Director  
Robin Collett, Assoc. Dir.  
Dennis Whiteley, Assoc. Dir.  
Deborah Spark, Assoc. Dir.  
Lynne Larsen-Miller, Assoc. Dir.  
John Anderson, Principal,  
Hartvigsen School  
Jeff Rydalsch, Principal,  
Hilda B. Jones Center

• **Student Services**  
Curt Hansen, Director  
Dr. Mary Voelker, Assoc. Dir.  
Janice Wayman, Assoc. Dir.  
Janet O'Neill, Asst. Dir.  
Dr. Sue Brady, Principal,  
Central High

**Business Services**  
**David F. Garrett**  
Business Administrator

• **Accounting**  
Chris Lewis  
Director

• **Budget Development**  
Mitch Robinson  
Director

• **Information Systems**  
Dale Roberts  
Director

• **Payroll**  
Richard Welch  
Director

• **Purchasing, Printing, & Warehouse**  
Gary Hansen  
Director

• **Safety, Property & Student Accounting**  
Kieth Bradshaw  
Manager









## **Independent Auditor's Report**

Board of Education  
Granite School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Granite School District (District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2005 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis, which follows this report, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Agui & Company, PC*

September 20, 2005

## **Management's Discussion and Analysis**

The following discussion and analysis of the Granite School District's financial performance provides an overview of the District's financial activities for the year ended June 30, 2005. Please read it in conjunction with the transmittal letter on pages 1 to 6 and the basic financial statements which begin on page 26.

### **Financial Highlights**

**Net assets** - The District's assets exceeded liabilities by \$299.2 million at the end of the fiscal year. This represents an increase of \$24.9 million or 9% over the previous year.

**Granite Education Center** – In February 2004, the District entered into a significant multi-year project when it purchased a former medical facility complex and the surrounding land (over 300,000 square feet of building space and 23.5 acres of land) to transform into the new Granite Education Center. That transformation is currently under way. When finished, the Center will serve as a comprehensive, one-stop-shopping educational hub and will provide an opportunity to consolidate educational programs, implement new, innovative programs; develop unique partnerships, and centralize district services with more efficient administrative support. The remodel costs projected at \$9 million are funded within the existing capital budget. The first phase of remodeling was completed in June 2005 and now houses the centralized district offices as well as the Granite Technical Institute. The second phase is underway and will include a new model elementary as well as various other educational programs resulting from the District's increased capacity to partner with community services and other educational institutions. The Center will have significant, long-term benefits for the students and patrons as well as the surrounding community.

**Lease revenue bonds** – Of the \$15.3 million purchase price for the Granite Education Center, \$10.5 million was from the municipal building authority of the District issuing lease revenue bonds. The District leases the building from the municipal building authority. Said authority uses the lease proceeds to pay the bonds. The bonds will be retired during the next year.

**New school buildings** – During the 2000 fiscal year, with broad community support, the board of education passed a property tax increase to provide approximately \$19 million in new revenue each year. \$14 million of that new revenue enables the District to address the long process of replacing and renovating aging school buildings on a pay-as-you-go basis. During the year ended June 30, 2005, the District spent \$21.3 million on various remodel and construction projects including the Granite Education Center, the new Gerald Wright Elementary, and classroom additions at Hillsdale Elementary. The District's long-range capital plan outlines the major capital projects for the next several years.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements** - The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements can be found on pages 26 to 27.

**Fund financial statements** - A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate financial compliance with legal requirements. The fund financial statements provide detailed information about the most significant funds, not the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** - Most of the District's day-to-day operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *General Fund* and the *Capital Projects Fund*, which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its *General Fund*. A budgetary comparison statement has been provided for the *General Fund* to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 28 to 32.

**Proprietary funds** - The District maintains two proprietary funds, both of which are internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses two internal service funds to account for services provided to all the other funds of the District: *Printing Services Fund* and *Employee Benefits Self-Insurance Fund*. The internal service funds have been included within governmental activities in the government-wide financial statements.

The two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 33 to 35.

**Fiduciary fund** - Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. The District's fiduciary fund is not reflected in the government-wide financial statement because the resources of that fund are not available to support the District's own programs.

The District uses an agency fund to account for resources held for student activities and groups. The basic fiduciary fund financial statement can be found on page 36.

**Notes to the basic financial statements** - The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 37 to 52.

**Other information** - The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 55 to 72.

### **Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of a government's financial position. The District had total net assets of \$299.2 million at June 30, 2005. This is an increase of \$24.9 million or 9% over the previous year. Most of the increase is due to continued investment in capital assets. At June 30, 2005, the investment in capital assets net of related debt of \$237.7 million (79% of all net assets) represents the capital assets that are used to provide services to students in the form of school buildings, buses, computers, furniture, etc. Consequently, these assets are not available for future spending needs. The District has not had outstanding bonded debt since June 1996. Building replacements and renovations normally are completed on a pay-as-you-go basis. During the year ended June 30, 2005, the District made the first of two payments on the lease revenue bonds issued to help finance the acquisition of the District's new education center.

An additional portion of the District's net assets (12%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets increased by \$11.6 million during the 2005 fiscal year. This increase was primarily from receiving resources restricted for capital projects that had not been spent as of June 30, 2005.

# **GRANITE SCHOOL DISTRICT'S Net Assets (Governmental Activities)**

(in millions of dollars)  
June 30, 2005 and 2004

	2005	2004	Total Change 2005-2004
Current and other assets	\$ 252.0	\$ 217.8	\$ 34.2
Capital assets	242.8	240.7	2.1
Total assets	494.8	458.5	36.3
Other liabilities	178.6	161.7	16.9
Long-term liabilities	17.0	22.5	(5.5)
Total liabilities	195.6	184.2	11.4
Net assets:			
Invested in capital assets, net of related debt	237.7	230.5	7.2
Restricted	36.0	24.4	11.6
Unrestricted	25.5	19.4	6.1
Total net assets	\$ 299.2	\$ 274.3	\$ 24.9

## **Governmental Activities**

Net assets increased by \$24.9 million or 9% during the year ended June 30, 2005. The following list highlights some of the key changes during the year:

- **Federal and state grant revenue** – Taken together, federal and state grants that are classified as program revenue and those not restricted to a specific purposes comprise the largest dollar increase in revenues of \$10.8 million. The District continues to pursue and successfully obtain viable grant opportunities to assist meeting long-term objectives.
- **Property tax revenue** – Property tax revenue increased by \$5.4 million due to a new reading achievement board leeway combined with growth in new dwellings in the District.
- **Instructional services expenses** – As a school district, the large majority of all costs are the employee salary and benefits. In addition, of all salary and benefit costs, 70% are for instructional services. Therefore, when there are changes in the employee salary and/or benefit costs, those changes amplify in this function. For the year ended June 30, 2005, the cost to the District to fund retirement increased 14% (due to a 13% rate increase and a 1% increase related to raises) and the cost to fund health insurance increased 8.1%.
- **Operation and maintenance of facilities expenses** – As the amount invested in capital assets continues to increase, so too does the cost of maintaining those facilities. The cost of doing so for the year ended June 30, 2005 increased by \$2.3 million over the prior year.
- **Gain on sale of real property** – The District sold land that was no longer deemed necessary to hold and realized a gain in the year ended June 30, 2005 of \$4.2 million which was an increase of \$3.8 million over that of 2004.

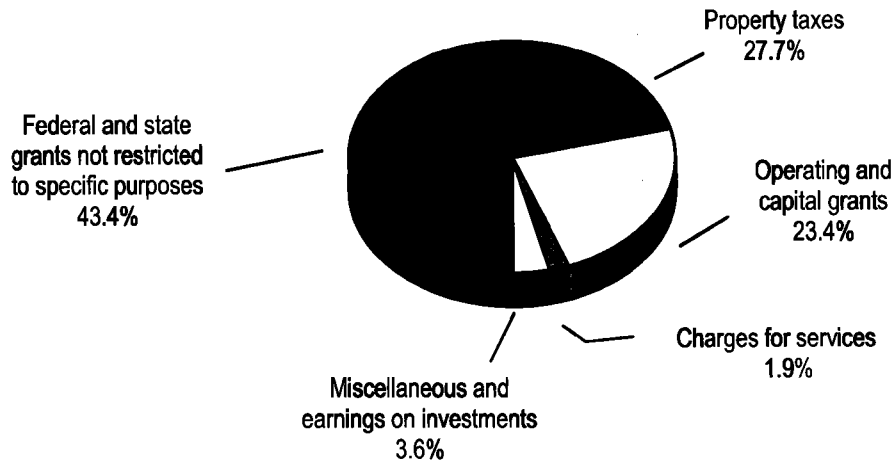
# **GRANITE SCHOOL DISTRICT'S Changes in Net Assets (Governmental Activities)**

(in millions of dollars)

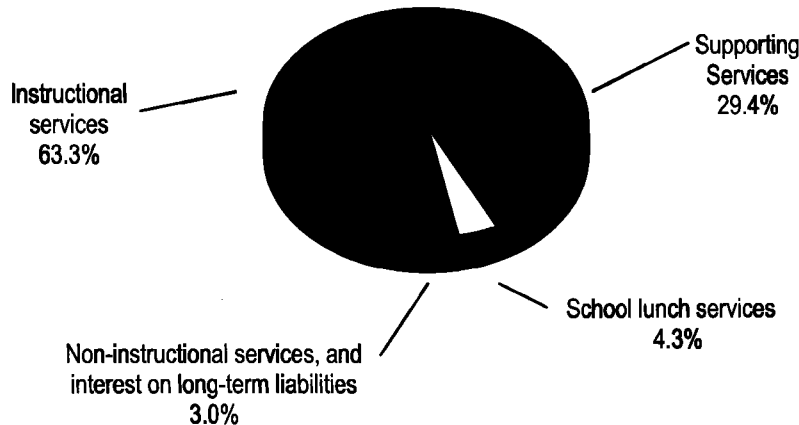
Year Ended June 30, 2005 and 2004

	2005	2004	Total Change 2005-2004
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 7.9	\$ 7.6	\$ 0.3
Operating grants and contributions	97.6	89.4	8.2
Capital grants and contributions	-	0.1	(0.1)
General revenues:			
Property taxes	115.4	110.0	5.4
Federal and state aid not restricted to specific purposes	180.9	178.1	2.8
Earnings on investments	2.5	1.3	1.2
Miscellaneous	8.2	8.8	(0.6)
Total revenues	<u>412.5</u>	<u>395.3</u>	<u>17.2</u>
<b>Expenses:</b>			
Instructional services	247.9	243.1	4.8
Supporting services:			
Students	16.1	15.3	0.8
Instructional staff	23.0	21.8	1.2
District administration	2.8	2.8	-
School administration	21.5	20.3	1.2
Business	7.4	7.2	0.2
Operation and maintenance of facilities	35.7	33.4	2.3
Transportation	8.7	8.2	0.5
School lunch services	17.0	16.7	0.3
Non-instructional services	11.5	10.6	0.9
Interest on long-term liabilities	0.2	0.1	0.1
Total expenses	<u>391.8</u>	<u>379.5</u>	<u>12.3</u>
<b>Increase in net assets, before special item</b>	<u>20.7</u>	<u>15.8</u>	<u>4.9</u>
Special item - gain on sale of real property	4.2	0.4	3.8
<b>Increase in net assets</b>	<u>24.9</u>	<u>16.2</u>	<u>8.7</u>
<b>Net assets - beginning</b>	<u>274.3</u>	<u>258.1</u>	<u>16.2</u>
<b>Net assets - ending</b>	<u>\$ 299.2</u>	<u>\$ 274.3</u>	<u>\$ 24.9</u>

**GRANITE SCHOOL DISTRICT'S Revenues by Source - Governmental Activities**  
Year Ended June 30, 2005



**GRANITE SCHOOL DISTRICT'S Expenses by Function - Governmental Activities**  
Year Ended June 30, 2005



**Financial Analysis of the District's Funds**

**Governmental funds** - The focus of the District's governmental funds is to provide information on how money flows into and out of the funds and to show balances left at year-end available for spending. Under Utah law, it is illegal to budget for an undesignated fund balance. This is in alignment with the concept that the revenues provided to a District are intended to be used during the period for which they were generated. That is to say that at the beginning of a fiscal year, undesignated fund balance is budgeted to be \$0. If over the course of the year, the difference between budgeted and actual revenues and expenditures leaves an unspent balance, that unspent balance must be budgeted to be used in normal operations during the next fiscal year to prevent a District from accumulating excess funds.

Fund balances may (and in some cases must) be reserved or designated and carried over to the next year for specific purposes. As those specific purposes are part of next year's budget, those identified as reservations are not available for appropriation and those identified as designations, while available for



appropriation, are typically not appropriated but are held to meet the purpose for which designated. If the designations were to be appropriated, other funds would need to be identified to meet the purpose for which the funds were designated in the first place. Fund balances for the capital projects and other governmental funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

Total fund balances in the governmental funds increased by \$15.6 million during the year ended June 30, 2005 to \$66.6 million. The majority of that increase is \$9.1 million in the capital projects fund arising from \$4.2 million from the sale of real property and \$4.9 million from unspent resources restricted to and held for planned and initiated capital projects.

**General Fund** - The *General Fund* is the primary operating fund of the District. Unreserved and undesignated fund balance in the general fund was \$3.2 million and total fund balance was \$31.9 million at June 30, 2005. The unreserved and undesignated fund balance increased by \$1.8 million while total fund balance increased by \$5.2 million. There was also an increase of \$0.7 million in investment earnings.

The *General Fund* has reserves or designations totaling \$28.7 million for the following purposes:

- **Undistributed reserve - \$9.5 million** - Utah law allows the establishment of an undistributed reserve within the *General Fund* not to exceed 5% of the budgeted expenditures of the *General Fund*. The fund has been created for contingencies or possible reductions in State funding and the law states that it cannot be used in negotiation or settlement of contract salaries.
- **Early retirement salary - \$6.5 million** - As described in note 6 to the basic financial statements, the District provides an early retirement incentive program. The District funds this program currently through a designation of fund balance in the *General Fund*.
- **Compensated absences - \$2.0 million** - These funds have been designated to cover unused vacation and sick pay in accordance with the accounting policies as outlined in note 1 to the financial statements.
- **Early retirement health insurance benefits - \$3.3 million** - As described in note 6 to the basic financial statements, the District provides medical and life insurance coverage to qualified retirees. This obligation is funded on a pay-as-you-go basis but some funds have been earmarked in the *General Fund* to help cover these costs.
- **Encumbrances - \$0.3 million** - Encumbrances represent commitments in the form of purchase orders. Funds have been set aside to cover outstanding purchase orders as of June 30, 2005.
- **Inventories and prepaid expenditures - \$3.4 million** - Some expenses for the 2005 fiscal year were incurred prior to June 30, 2005. This money has been earmarked to cover those expenses in the next fiscal year.
- **Self-insurance - \$2.5 million** - As insurance costs continue their double-digit climb, the *General Fund* has earmarked this money to help cover those expenses in the next fiscal year.
- **Planned projects - \$1.1 million** - These funds have been set aside to cover 2005 budget items that were planned but unable to be used prior to June 30, 2005.

### ***General Fund Budgetary Highlights***

The Board revised the 2005 budget during the year. Budget amendments reflected changes in programs and related funding. Final budgeted revenues were \$0.9 million or 0.3% higher than original estimates. The most significant differences may be summarized as follows:

- **State revenue – \$0.8 million or 0.4%** – The budget for state revenue increased due to additional grant funding being awarded during the year than was known to be applied for at the beginning of the year. There was also a small decrease in the amount of state revenue carried over at the end of this year than there was at the end of the prior year.
- **Federal revenue - \$0.7 million or 2.0%** – The budget for federal revenue increase due to the District's concerted effort in acquiring federal grants. However, due to the nature of federal revenues tied to grants, it is difficult to know at the beginning of the year how successful the District will be in acquiring grants. When the original budget is compiled, the best know information is used at the time. Each year, it is understood that the final budget could be quite different from the original.
- **Other local revenue – (\$0.7) million or (8.2%)** – The budget for other local revenue decreased due to fewer than expected sales of homes built by District students in the Career and Technical Education program. The correction was made and reflected in the final budget.

The difference between the original budget and the final amended budget for total expenditures was a decrease of \$2.0 million or 0.6% in total expenditures. The most significant differences may be summarized as follows:

- **Instructional services – (\$2.9 million) or (1.3%)** – The budget for student support services decreased due to significant changes negotiated to reduce the amount of insurance coverage paid for by the District. These negotiations occurred after the original budget was adopted.
- **Instructional staff support services - \$0.5 million or 2.0%** - The budget for instructional staff support services increased due to additional state and federal dollars used increase the spending for professional development of teachers.
- **Operation and maintenance of facilities - \$0.4 million or 1.1%** - The budget for operation and maintenance of facilities increased due to an unexpected increase in the cost of natural gas and electricity.

Actual expenditures were \$4.5 million less than the final amended budget. The largest positive variances were \$2.7 million or 1.0% in instructional services and \$0.6 million or 3.0% in instructional staff support. Actual revenues were \$0.6 million dollars less than amounts anticipated in the final budget.

### **Capital Asset and Debt Administration**

The *Capital Projects Fund* accounts for the costs incurred for acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. For the year ended June 30, 2005:

- The District began:
  - a major remodel of the Granite Education Center estimated at \$9 million when finished
  - a new construction of Gerald Wright Elementary estimated at \$10 million when finished
  - additional classrooms at Hillsdale Elementary estimated at \$1.5 million when finished

The following chart summarizes capital assets at June 30, 2005 and 2004:

**GRANITE SCHOOL DISTRICT'S Capital Assets**  
June 30, 2005 and 2004  
(net of accumulated depreciation, in millions of dollars)

	2005	2004	Total change 2005-2004
Land	\$ 22.7	\$ 22.7	\$ -
Construction in progress	10.6	20.6	(10.0)
Buildings and improvements	186.8	174.2	12.6
Land improvements	9.0	9.2	(0.2)
Vehicles	6.6	6.4	0.2
Furniture and equipment	7.1	7.6	(0.5)
Total capital assets	<u>\$ 242.8</u>	<u>\$ 240.7</u>	<u>\$ 2.1</u>

Additional information on the District's capital assets can be found in note 4 to the basic financial statements.

**Debt Administration.** The District issued \$10.1 million in lease revenue bonds on April 5, 2004.

The District has not had any outstanding general obligation bonded debt since June 1996. The general obligation bonded debt is limited by Utah law to 4% of the fair market value of the total taxable property. The current unused legal debt capacity is \$872.5 million.

**GRANITE SCHOOL DISTRICT'S Outstanding Debt**  
June 30, 2005 and 2004  
(in millions of dollars)

	2005	2004	Total change 2005-2004
Lease revenue bonds payable	<u>\$ 5.1</u>	<u>\$ 10.2</u>	<u>\$ (5.1)</u>

Additional information on the District's outstanding debt can be found in note 9 to the basic financial statements.

**Student Enrollment**

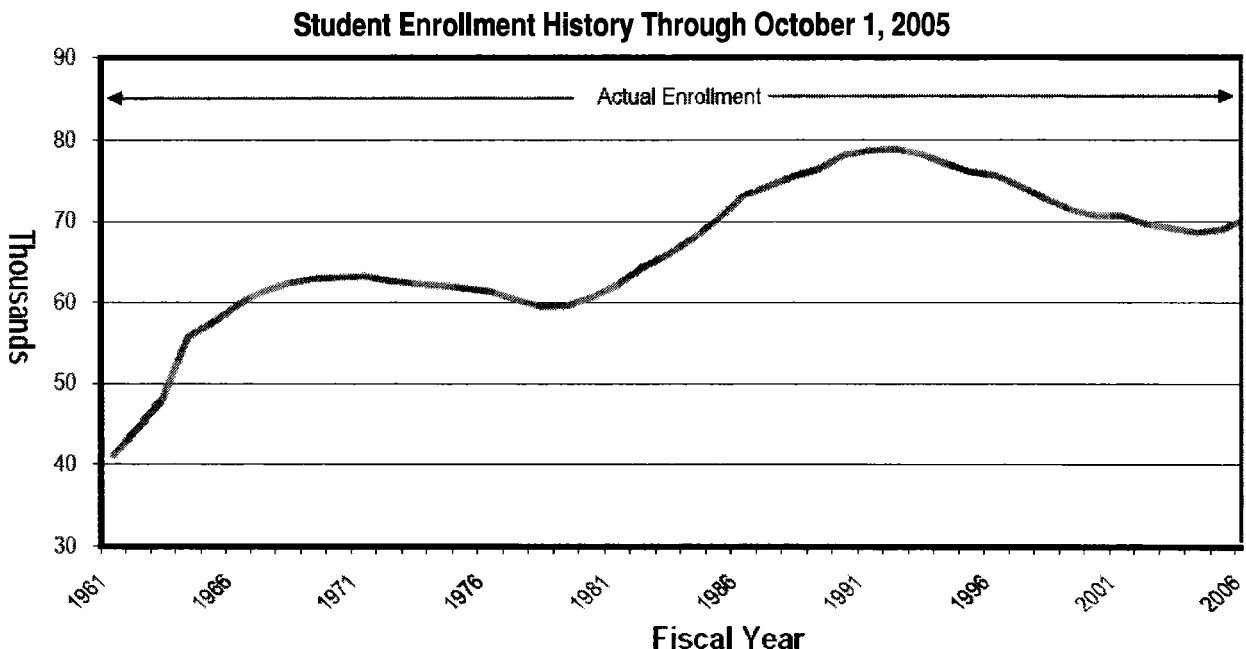
Student enrollment peaked during the 1992-1993 year at 78,819 students. Enrollment has been declining every year since that time. On October 1, 2004, student enrollment was 68,631 or 509 students fewer than the prior-year level.

Enrollment has declined as neighborhoods have aged and there are fewer school age children remaining. This aging process has been most noticeable on the east side of the District. Parts of the west side have seen rapid growth as new neighborhoods have been built. Much of the new growth in Salt Lake County has been south of the District.

Declining enrollments are a financial concern because the District receives state funding based upon the number of students that are served. As enrollment declines, so does State funding. As funding declines it becomes increasingly difficult to balance the District's budget and to provide for all of the critical funding needs.

Every year, the District looks at student population by school to identify possible closures of severely underutilized buildings. However, school buildings have been difficult to close even with declining enrollments. The following factors make school closures a challenge:

- The District began to receive class size reduction funding from the State during the early 1990's. The funding has enabled approximately 400 additional teachers to be hired annually and has increased the demand for classrooms.
- The enrollment decline has been spread across many schools.
- The schools were very overcrowded when enrollment peaked. The District still uses a large number of portable classrooms. In addition, 17 elementary schools still use a year-round schedule to reduce overcrowding.



### Requests for Information

This financial report is designed to provide our citizens, taxpayers, students and all other interested parties with a general overview of the District's finances and to show accountability for tax dollars. If you have questions about this report or need additional financial information, contact the Business Administrator, Granite School District, 2500 South State Street, Salt Lake City, UT 84115-3110.

# **Basic Financial Statements**

# GRANITE SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2005

	Governmental Activities
<b>Assets:</b>	
Cash and investments	\$ 102,475,883
Receivables:	
Property taxes	124,924,746
Other local	1,562,436
State	875,409
Federal	17,777,257
Prepaid expenses	495,438
Inventories	3,821,633
Lease revenue bond issuance costs, net of accumulated amortization	43,448
Capital assets:	
Land, construction in progress, and water stock	33,331,168
Other capital assets, net of accumulated depreciation	209,443,880
Total assets	<u>494,751,298</u>
<b>Liabilities:</b>	
Accounts payable	5,604,655
Accrued salaries and related benefits	35,806,574
Health and accident insurance payable	4,622,316
Unemployment insurance payable	18,338
Accrued interest	26,101
Deferred revenue:	
Property taxes	120,271,147
Other local	702,425
State	11,410,495
Federal	121,690
Long-term liabilities:	
Portion due or payable within one year	10,115,796
Portion due or payable after one year	6,856,284
Total liabilities	<u>195,555,821</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt	237,687,796
Restricted for:	
Capital projects	29,525,734
Non K-12 programs	637,829
Education foundation	1,103,869
School lunch	3,871,216
Success charter school	182,499
Education center	19,698
Unrestricted	26,166,836
Total net assets	<u>\$ 299,195,477</u>

The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Statement of Activities**  
Year Ended June 30, 2005

Activities or Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instructional services	\$ 247,851,686	\$ 1,368,419	\$ 61,619,690	\$ -	\$ (184,863,577)
Supporting services:					
Students	16,070,499	40,435	4,723,141	-	(11,306,923)
Instructional staff	23,026,016	203,365	9,151,189	-	(13,671,462)
District administration	2,837,234	9,928	6,564	-	(2,820,742)
School administration	21,498,909	74,470	430,920	-	(20,993,519)
Business	7,409,401	35,664	17,601	-	(7,356,136)
Operation and maintenance of facilities	35,745,589	127,064	479,434	-	(35,139,091)
Transportation	8,665,161	116,224	2,947,663	-	(5,601,274)
School lunch services	17,009,339	4,836,608	13,281,161	-	1,108,430
Noninstructional services	11,539,592	1,120,926	4,940,437	-	(5,478,229)
Interest on long-term liabilities	153,211	-	-	-	(153,211)
Total school district	\$ 391,806,637	\$ 7,933,103	\$ 97,597,800	\$ -	\$ (286,275,734)

**General revenues:**

Property taxes levied for:

Basic state supported program for regular K-12 instruction (set by state legislature)

Voted leeway program for regular K-12 instruction

School board leeway program for class size reduction

School board K-3 reading program for improvement of reading skills

Special transportation for required special and hazardous bus routes

Capital outlay for buildings and other capital needs for instruction

Ten percent additional basic program for construction, textbooks, and supplies

Community recreation for community based programs

Federal and state grants and contributions not restricted to specific programs

Earnings on investments

Miscellaneous

**Special item - gain on sale of real property**

Total general revenues and special items

Change in net assets

**Net assets - beginning**

**Net assets - ending**

31,615,204	31,615,204
27,357,668	27,357,668
6,839,417	6,839,417
2,068,924	2,068,924
1,248,194	1,248,194
25,442,631	25,442,631
17,765,385	17,765,385
3,009,343	3,009,343
180,893,548	180,893,548
2,481,924	2,481,924
8,183,737	8,183,737
4,240,591	4,240,591
311,146,566	311,146,566
24,870,832	24,870,832
274,324,645	274,324,645
\$ 299,195,477	\$ 299,195,477

The notes to the basic financial statements are an integral part of this statement.

# GRANITE SCHOOL DISTRICT

## Balance Sheet Governmental Funds

June 30, 2005

	Major Funds		Other	Total
	General	Capital Projects	Governmental Funds	Governmental Funds
<b>Assets:</b>				
Cash and investments	\$ 75,638,249	\$ 25,225,000	\$ 1,612,634	\$ 102,475,883
Receivables:				
Property taxes	74,375,080	47,258,234	3,291,432	124,924,746
Other local	1,250,398	174,273	105,734	1,530,405
State	388,545	-	486,864	875,409
Federal	16,272,965	-	1,504,292	17,777,257
Prepaid expenditures	447,553	31,449	13,954	492,956
Inventories	3,020,396	-	752,951	3,773,347
Due from other funds	-	10,164,755	18,788,176	28,952,931
Total assets	<u>\$ 171,393,186</u>	<u>\$ 82,853,711</u>	<u>\$ 26,556,037</u>	<u>\$ 280,802,934</u>
<b>Liabilities and fund balances:</b>				
Liabilities:				
Accounts payable	\$ 2,268,316	\$ 2,428,405	\$ 561,378	\$ 5,258,099
Accrued salaries and related benefits	14,611,044	4,259,426	16,636,535	35,507,005
Due to other funds	36,557,861	-	66,503	36,624,364
Deferred revenue:				
Property taxes	74,154,443	47,120,329	3,281,827	124,556,599
Other local	426,396	2,209	273,820	702,425
State	11,359,628	-	50,867	11,410,495
Federal	121,690	-	-	121,690
Total liabilities	<u>139,499,378</u>	<u>53,810,369</u>	<u>20,870,930</u>	<u>214,180,677</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	266,736	2,910,581	180,979	3,358,296
Construction commitments	-	13,048,521	-	13,048,521
Prepaid expenditures	447,553	31,449	13,954	492,956
Inventories	3,020,396	-	752,951	3,773,347
Unreserved:				
Designated for:				
Undistributed reserve	9,500,000	-	-	9,500,000
Catastrophic events	-	1,865,914	-	1,865,914
Planned projects	1,065,868	1,064,598	20,000	2,150,466
Equipment	-	1,500,000	-	1,500,000
New school	-	6,575,703	-	6,575,703
Equipment, reported in special revenue funds	-	-	2,400,000	2,400,000
Schools, reported in special revenue funds	-	-	124,243	124,243
Early retirement compensation	6,515,519	-	-	6,515,519
Early retirement insurance	3,335,884	-	-	3,335,884
Compensated absences	2,016,915	-	-	2,016,915
Self insurance	2,500,000	-	-	2,500,000
Undesignated, reported in:				
General fund	3,224,937	-	-	3,224,937
Capital projects fund	-	2,046,576	-	2,046,576
Special revenue funds	-	-	2,192,980	2,192,980
Total fund balances	<u>31,893,808</u>	<u>29,043,342</u>	<u>5,685,107</u>	<u>66,622,257</u>
Total liabilities and fund balances	<u>\$ 171,393,186</u>	<u>\$ 82,853,711</u>	<u>\$ 26,556,037</u>	<u>\$ 280,802,934</u>

The notes to the basic financial statements are an integral part of this statement.



**GRANITE SCHOOL DISTRICT**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
June 30, 2005

<b>Total fund balances for governmental funds</b>	<b>\$ 66,622,257</b>
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Total *net assets* reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$ 22,663,324	
Construction in progress	10,631,623	
Water stock	36,221	
Buildings and improvements, net of \$185,573,244 accumulated depreciation	186,830,676	
Land improvements, net of \$8,529,059 accumulated depreciation	8,971,380	
Vehicles, net of \$12,811,713 accumulated depreciation	6,563,962	
Furniture and equipment, net of \$13,991,761 accumulated depreciation	<u>7,026,116</u>	242,723,302

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	4,285,452
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Internal service funds are used by the District to charge the costs of printing and insurance (medical, industrial, and unemployment compensation) services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net asset balances at year-end are:	1,684,330
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Lease revenue bond issuance costs are reported as expenditures in the governmental funds. The cost is \$124,913 and accumulated amortization is \$81,465.	43,448
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Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on obligations under capital leases and lease revenue bonds is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities--both current and long-term--are reported in the statement of net assets. Balances at year-end are:

Lease revenue bonds payable	(5,050,000)	
Lease revenue bond premium of \$107,100 net of accumulated amortization of \$69,848	(37,252)	
Accrued interest on lease revenue bonds	(25,250)	
Obligations under capital leases	(462,022)	
Accrued interest on obligations under capital leases	(851)	
Compensated absences	(4,072,418)	
Early retirement compensation	<u>(6,515,519)</u>	(16,163,312)

<b>Total net assets of governmental activities</b>	<b>\$ <u>299,195,477</u></b>
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The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2005**

	<b>Major Funds</b>		<b>Other</b>	<b>Total</b>
	<b>General</b>	<b>Capital Projects</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>Revenues:</b>				
Property taxes	\$ 69,067,396	\$ 43,134,342	\$ 3,005,704	\$ 115,207,442
Earnings on investments	1,494,393	817,552	169,979	2,481,924
State	222,006,740	2,014,373	5,789,084	229,810,197
Federal	33,106,530	1,892,763	13,681,858	48,681,151
School lunch sales	-	-	4,836,608	4,836,608
Other local	7,597,483	383,337	11,081,178	19,061,998
Total revenues	<u>333,272,542</u>	<u>48,242,367</u>	<u>38,564,411</u>	<u>420,079,320</u>
<b>Expenditures:</b>				
Current:				
Instructional services	217,978,736	-	490,087	218,468,823
Supporting services:				
Students	15,864,371	-	-	15,864,371
Instructional staff	22,844,190	-	-	22,844,190
District administration	2,737,452	-	-	2,737,452
School administration	21,074,566	-	-	21,074,566
Business	7,043,802	-	-	7,043,802
Operation and maintenance of facilities	34,240,089	-	-	34,240,089
Transportation	7,386,844	-	-	7,386,844
School lunch services	-	-	17,364,911	17,364,911
Noninstructional services	-	-	11,527,064	11,527,064
Capital outlay	-	40,768,773	2,971,035	43,739,808
Debt service:				
Principal payments	-	1,270,517	5,055,000	6,325,517
Interest and fiscal charges	-	43,857	183,013	226,870
Total expenditures	<u>329,170,050</u>	<u>42,083,147</u>	<u>37,591,110</u>	<u>408,844,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,102,492</u>	<u>6,159,220</u>	<u>973,301</u>	<u>11,235,013</u>
<b>Other financing sources (uses):</b>				
Sale of equipment	-	96,081	-	96,081
Sale of real property	-	4,281,391	-	4,281,391
Transfers in (out)	1,048,340	(1,390,445)	342,105	-
Total other financing sources (uses)	<u>1,048,340</u>	<u>2,987,027</u>	<u>342,105</u>	<u>4,377,472</u>
Net change in fund balances	5,150,832	9,146,247	1,315,406	15,612,485
<b>Fund balances - beginning</b>	<u>26,742,976</u>	<u>19,897,095</u>	<u>4,369,701</u>	<u>51,009,772</u>
<b>Fund balances - ending</b>	<u>\$ 31,893,808</u>	<u>\$ 29,043,342</u>	<u>\$ 5,685,107</u>	<u>\$ 66,622,257</u>

The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Government Funds to the Statement of Activities**  
**Year Ended June 30, 2005**

<b>Net change in fund balances--total governmental funds</b>	<b>\$</b>	<b>15,612,485</b>
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for land, vehicles, and equipment and \$100,000 for buildings and improvements and land improvements is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 17,969,756	
Gain on sale of capital assets	4,240,591	
Proceeds from sales of capital assets	(4,377,472)	
Depreciation expense	<u>(15,767,326)</u>	2,065,549

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Interest expense - capital leases	2,049	
Principal payments of capital leases	<u>1,270,517</u>	1,272,566

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. Deferred property tax revenues increased this year.

139,324

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available. The net changes in other long-term liabilities are:

Lease revenue bonds	5,055,000	
Amortization on lease revenue bond premium	55,878	
Amortization on lease revenue bond issuance costs	(65,172)	
Accrued interest on lease revenue bonds	15,732	
Compensated absences payable	(27,753)	
Early retirement compensation payable	<u>(685,993)</u>	4,347,692

Internal service funds are used by the District to charge the costs of printing and insurance (medical, industrial, and unemployment compensation) services to individual funds. The net revenue of the internal service funds is reported with governmental activities.

1,433,216

<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b><u>24,870,832</u></b>
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The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2005

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
<b>Revenues:</b>				
Property taxes	\$ 68,717,629	\$ 68,594,527	\$ 69,067,396	\$ 472,869
Earnings on investments	1,100,000	1,330,969	1,494,393	163,424
State	222,365,847	223,153,487	222,006,740	(1,146,747)
Federal	32,415,221	33,075,139	33,106,530	31,391
Other local	8,378,974	7,692,753	7,597,483	(95,270)
Total revenues	332,977,671	333,846,875	333,272,542	(574,333)
<b>Expenditures:</b>				
Current:				
Instructional services	223,487,907	220,634,588	217,978,736	2,655,852
Supporting services:				
Students	16,449,967	16,335,090	15,864,371	470,719
Instructional staff	23,035,639	23,488,391	22,844,190	644,201
District administration	2,857,323	2,780,940	2,737,452	43,488
School administration	20,783,026	21,030,149	21,074,566	(44,417)
Business	7,192,072	7,097,519	7,043,802	53,717
Operation and maintenance of facilities	34,279,999	34,658,463	34,240,089	418,374
Transportation	7,573,555	7,615,701	7,386,844	228,857
Total expenditures	335,659,488	333,640,841	329,170,050	4,470,791
Excess (deficiency) of revenues over (under) expenditures	(2,681,817)	206,034	4,102,492	3,896,458
<b>Other financing sources:</b>				
Transfer in	1,829,780	1,228,763	1,048,340	(180,423)
Net change in fund balances	(852,037)	1,434,797	5,150,832	3,716,035
<b>Fund balances - beginning</b>	15,732,937	26,742,976	26,742,976	-
<b>Fund balances - ending</b>	\$ 14,880,900	\$ 28,177,773	\$ 31,893,808	\$ 3,716,035

The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Statement of Net Assets**  
**Proprietary Funds**  
June 30, 2005

	<b>Governmental Activities - Internal Service Funds</b>
<b>Assets:</b>	
Current assets:	
Accounts receivable - other local	\$ 32,031
Prepaid expenses	2,482
Inventories	48,286
Due from other funds	7,671,433
Total current assets	<u>7,754,232</u>
Capital assets:	
Equipment	420,800
Accumulated depreciation	(369,054)
Net capital assets	<u>51,746</u>
Total assets	<u>7,805,978</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	346,556
Accrued salaries and related benefits	299,569
Health and accident insurance payable	4,622,316
Workers compensation payable	10,871
Unemployment insurance payable	18,338
Total current liabilities	<u>5,297,650</u>
Noncurrent liabilities:	
Workers compensation payable	823,998
Total noncurrent liabilities	<u>823,998</u>
Total liabilities	6,121,648
<b>Net assets:</b>	
Invested in capital assets	51,746
Unrestricted	1,632,584
Total net assets	<u>\$ 1,684,330</u>

The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2005**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for services	\$ 41,765,784
<b>Operating expenses:</b>	
Salaries	260,660
Employee benefits	96,525
Medical claims	24,060,491
Medical premiums	6,185,566
Prescription claims	5,696,363
Medical administrative fees	1,543,533
Medical reinsurance premiums	683,402
Industrial claims	1,484,548
Unemployment claims	64,975
Purchased services	113,552
Supplies and materials	127,340
Depreciation	15,613
Total operating expenses	40,332,568
Operating income / change in net assets	1,433,216
<b>Total net assets - beginning</b>	251,114
<b>Total net assets - ending</b>	<b>\$ 1,684,330</b>

The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2005

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Receipts from interfund services provided	\$ 41,856,054
Receipts from suppliers for goods and services	(869,347)
Payments to employees	(300,567)
Payments to suppliers for goods and services	(214,489)
Payments for medical fees and insurance claims	(39,554,394)
Payments as assessments from other funds	(915,285)
Net cash provided by operating activities	<u>1,972</u>
<b>Cash flows from capital and related financing activities:</b>	
Purchase of equipment	<u>(1,972)</u>
Net cash (used) by capital and related financing activities	<u>(1,972)</u>
Change in cash and cash equivalents	-
<b>Cash and cash equivalents - beginning</b>	<u>-</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ -</u></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income / change in net assets	\$ 1,433,216
Adjustments to reconcile operating income to net cash provided by operating activities:	
Non cash item - depreciation	15,613
(Increase) in operating assets:	
Accounts receivable - other local	90,270
Due from other funds	(915,285)
Inventories	(1,905)
Prepaid expenses	204
Increase (decrease) in operating liabilities:	
Accounts payable	(841,243)
Accrued salaries and related benefits	56,618
Health and accident insurance payable	(4,082)
Workers compensation payable	172,566
Unemployment insurance payable	(4,000)
Total adjustments	<u>(1,431,244)</u>
Net cash provided by operating activities	<u><u>\$ 1,972</u></u>
Noncash investing, capital, and financing activities:	none

The notes to the basic financial statements are an integral part of this statement.

**GRANITE SCHOOL DISTRICT**  
**Statement of Assets and Liabilities**  
**Agency Fund**  
June 30, 2005

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	<u>Student Activities Fund</u>
<b>Assets:</b>	
Cash and investments	\$ 6,956,724
Accounts receivable - other local	<u>10,585</u>
	<u>\$ 6,967,309</u>
<b>Liabilities</b>	
Accounts payable	\$ 764,630
Due to student organizations	<u>6,202,679</u>
Total liabilities	<u>\$ 6,967,309</u>

The notes to the basic financial statements are an integral part of this statement.



# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements - June 30, 2005

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### NOTE 1 - Summary of Significant Accounting Policies

The financial statements of the Granite School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### A) Reporting Entity

The District is a legally separate, fiscally independent government entity of the State of Utah with its own elected governing body. As required by GAAP, these financial statements present all the fund types of the District and the blended component units for which the District is considered to be financially accountable. The blended component units, although legally separate, are in substance, part of the District's operations. The District is not a component unit of any other government.

The Board of Education is the governing authority for the District, and is comprised of seven members elected by the qualified electors who reside within the boundaries serviced by the District. Each member serves for four years and is elected from the precinct in which the member resides. The Board establishes District policies, approves the budget, appoints a superintendent with responsibilities for administering all educational activities of the District, and appoints a business administrator/treasurer with responsibilities for fiscal activities. In addition, the Board is authorized to issue bonds, incur short-term debt, and levy ad valorem taxes. All funds, including financial activity over which the Board has governance, are included in the financial statements.

*Blended Component Unit – The Granite Education Foundation (GEF).* The Foundation, a nonprofit organization under IRS regulations, raises tax-deductible donations to be used for educational related purposes within the District. The Foundation exclusively services the District. The Foundation's Board is comprised of 35 members, eight of whom are designated as executive members. The Foundation's Board appoints all members. The Foundation is presented as a nonmajor special revenue fund included in the other governmental funds of the District. Financial information specific to the Foundation may be obtained by writing the Foundation at 450 East 3700 South, Salt Lake City, Utah 84115-4634.

*Blended Component Unit – Granite School District Municipal Building Authority.* The District created a municipal building authority (MBA) during fiscal year 2004 for the purpose of issuing lease revenue bonds for the purchase and remodel of the Granite Education Center. MBA accounts and transactions are recorded the *Granite Education Center Fund*, a nonmajor capital projects fund included in the other governmental funds of the District. The MBA will receive lease revenue from the *Capital Projects Fund* (a major fund of the District). The lease revenue will be used to make the bond payments and fund a portion of the remodeling costs. The bonds will mature in two years from issuance or June 2006. See note 9 regarding details of the bond issuance and payment schedule. Financial information specific to the MBA may be obtained from the office of the business administrator of the District.

#### B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and statement of changes in net assets) report on all of the nonfiduciary activities of the District, Foundation, and MBA. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions occur only when the elimination of such activity would distort the expenses and revenues reported by function.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods,

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

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services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among programs revenues are reported instead as general revenues.

Restrictions imposed on a portion of the District's net assets by binding laws and regulations of other entities are reported as restricted net assets and are net of any related liabilities.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### **B) Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues are available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However expenditures related to principal and interest on general long-term debt, compensated absences, early retirement, and early retirement healthcare benefits, are recognized to the extent they have matured (when payment is due). General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual because of legal and other requirements and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *Capital Projects Fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for students within the District.

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

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Additionally, the District reports the following fund types:

- The District has two internal service funds (proprietary funds). 1) The *Printing Services Fund* is used to account for the revenues and expenses associated with providing printing services by the District's printing services department to schools and other departments of the District on a cost-reimbursement basis. 2) The *Employee Benefits Self-Insurance Fund* is used to account for the costs of the District's self-insured plans for medical insurance, industrial insurance, and unemployment compensation. Annual premiums are charged to the other funds based upon total projected expenditures. Benefit payments and administrative fee payments are made to third-party administrators who approve and process all claims. Operating revenue in these two funds consists of direct charges for services provided. Operating expenses in these two funds consist of the cost of providing services, administrative expenses, and depreciation on capital assets. Non-operating revenues would be those not directly related to services provided.
- The *Student Activities Fund* (a fiduciary fund) is used to account for student funds generated within the various schools by the schools, students, or other school organizations. The District holds the *Student Activities Fund's* assets in a custodial capacity. Agency funds are accounted for using the accrual basis of accounting. Because Agency Funds are custodial in nature, they do not measure results of operations or have a measurement focus.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**D) Comparative Data:**

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

**E) Budget Policies and Procedures:**

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are legally required and have been adopted for each governmental fund, except budgets are not adopted on a District level for the *Granite Education Foundation Fund*, a special revenue fund, or the *Student Activities Fund*, a fiduciary fund. Budgets are also adopted for the internal service funds; budgets for the internal service funds are presented on the accrual basis of accounting. Unencumbered annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. The laws of the State govern budget policies. The District's budget procedures are in accordance with those laws and are summarized as follows:

- 1) Prior to June 1 each year, the District superintendent submits to the Board a proposed operating budget for the fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the year ended June 30, 2005.
- 2) Copies of the proposed budget are made available for public inspection for a period of at least 15 days.
- 3) A public hearing is held prior to June 22 in which the budget is legally adopted by resolution of the Board after obtaining taxpayer input.

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

- 4) Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the Superintendent, can approve reductions in appropriations, but increased appropriations by fund require a public hearing prior to amending the budget. Management may make interim transfers from one appropriation to another within any given fund. All such interim transfers made by management are reviewed and approved by the Board. All interim transfers made in the year ended June 30, 2005 were approved by the Board on or before June 22, 2005.
- 5) Minor interim adjustments in estimated revenue and appropriations during the fiscal year have been included in the fiscal budget approved by the Board, as presented in the financial statements.
- 6) Expenditures may not legally exceed budgeted appropriations at the fund level, which is the level at which the Board must approve any over expenditures of appropriations or transfers of appropriated amounts. Because of this, the budget of the Granite School District is usually amended once each year, when the Board also takes action on the new fiscal year budget. The amendments made to the budget for the year ended June 30, 2005 are not considered significant.

**F) Encumbrances:**

An encumbrance accounting system, in which purchase order commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is used in all funds except for the *Student Activities Fund*. Because an encumbrance is only a commitment, it does not meet the expenditure or liability recognition criteria. Encumbrances and appropriations outstanding at the end of the fiscal year lapse with the exception of those indicated as a fund balance reserve. The District intends to honor these commitments and provides for the expenditure in the subsequent year.

**G) Deposits and Investment:**

The District's investments in the Public Treasurers' Investment Fund (an external investment pool) are valued at fair value (based on the corresponding liability to pool participants). See note 2 for further information regarding cash and investments.

**H) Due To/From Other Funds:**

Outstanding balances resulting from transactions between funds as of June 30, 2005 consist of the following:

Fund	Due From Other Funds	Due To Other Funds
General Fund	\$ -	\$ 36,557,861
Other Governmental Funds	18,870,139	148,466
Capital Projects Fund	10,164,755	-
Internal Service Funds	7,671,433	-
Total	<u>\$ 36,706,327</u>	<u>\$ 36,706,327</u>

All transactions between funds represent "due to/from other funds" caused by cash from one fund paying for expenditures or expenses of another. The District did not incur transactions between funds that would represent lending/borrowing arrangements outstanding at the end of the fiscal year.

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

**I) Transfers Between Funds:**

Transfers between funds during the year ended June 30, 2005 are as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 1,390,445	\$ 342,105
Capital Projects Fund	-	1,390,445
Other Governmental Funds	342,105	-
Total	<u>\$ 1,732,550</u>	<u>\$ 1,732,550</u>

By law, tax proceeds from the "ten percent of basic levy" may be used for debt service, construction or remodeling of school buildings, and the purchase of school sites, buses, equipment, textbooks, and supplies. The District recorded 100% of the proceeds from this levy in the *Capital Projects Fund* and then transferred \$1,390,445 to the *General Fund* to pay for the purchase of textbooks and supplies.

The *General Fund* funded a portion of the salaries of the *Granite Education Foundation Fund* (reported as an other governmental fund) via the transfer of \$342,105.

**J) Inventories:**

Inventories consist of various school supplies, custodial and maintenance supplies, house projects constructed by students, and various food items. Inventories are valued at cost or, if donated, at fair value when received, using the average cost method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds as revenue when received. Inventory amounts are reserved in the fund balance of the fund in which they are reported.

**K) Prepaid Expenditures:**

Prepaid expenditures are accounted for in the governmental funds and consist of textbooks and various school supplies that will be utilized in the following year and applied against appropriations of that year. The amount of the prepaid expenditures is reserved in the fund balance in which they are reported.

**L) Capital Assets:**

Capital assets include both depreciable and non-depreciable assets and are reported in the government-wide financial statements. Non-depreciable assets include land, water stock and current construction in progress. Depreciable assets include buildings and improvements, certain land improvements, vehicles, and equipment. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, vehicles and equipment and \$100,000 for buildings and improvements and land improvements and an estimated useful life in excess of four years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance or repairs that do not add to the value of the asset or materially extend asset lives is not capitalized.

**GRANITE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements...Continued - June 30, 2005**

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Buildings and improvements, land improvements, vehicles, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Buildings	40
Building improvements	10
Land improvements	10
Buses and vehicles	10
Playground equipment and furniture	10
Computer equipment	5

**M) Compensated Absences:**

Full-time, twelve-month employees earn varying amounts of vacation and sick leave according to salary classification and years of employment. Vacation leave accrues at between 10 to 20 days per year. The unused balance carries forward up to a maximum of one and one half times the annual vacation accrual. Accrued unused vacation days are paid in full at termination or retirement at the then current pay rate. Sick leave accrues at up to 13.2 sick days per year with no maximum imposed on the unused sick leave balance. Only classified and secretarial employees are paid for accrued unused sick days. Classified employees are paid 25% of the balance of their unused sick days at the then current pay rate only upon retirement. Secretaries, having a minimum of 5 full consecutive years of service, are entitled to a payment of 25% of the balance of their unused sick days at the then current pay rate either upon retirement or termination. All other employees are not paid for unused sick days.

Vacation pay plus related payroll taxes is accrued when incurred in the government-wide and internal service fund financial statements. A liability for these amounts is reported in the governmental funds only if they matured, for example, as a result of employee resignations and retirements, the balance is recorded as a designation. The liquidation of the liability is typically reported in the fund in which each employee's salary is reported.

**N) Statement of Cash Flows and Supplemental Cash Flows Information:**

For the purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**O) Reservations and Designations of Fund Balances:**

Portions of fund equity are segregated for future use, and are therefore not available for future appropriation or expenditure for general use. Amounts reserved for encumbrances, compensated absences, inventories, prepaid expenditures, and construction commitments represent portions of fund equity required to be segregated in accordance with State law or generally accepted accounting principles. Designations of unreserved fund balances in governmental funds indicate the utilization of these resources in the ensuing year's budget or tentative plans for future use.

Utah State law allows for the establishment of a designation of an undistributed reserve for contingencies. The Board must authorize all expenditures from this undistributed reserve. According to state law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. In addition, the undistributed reserve may not exceed 5% of the budgeted expenditures of the *General Fund*. The expenditure of the reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

**GRANITE SCHOOL DISTRICT**  
**Notes to the Basic Financial Statements...Continued - June 30, 2005**

**NOTE 2 - Cash and Investments**

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2005, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 9,407,733
Carrying amount of investments	100,024,874
Total cash and investments	<u>\$ 109,432,607</u>
Governmental funds cash and investments	\$ 102,475,883
Internal service fund cash and investments	-
Statement of net assets cash and investments	102,475,883
<i>Student Activity Fund</i> cash and investments	6,956,724
Total cash and investments	<u>\$ 109,432,607</u>

The District complies with the State Money Management Act (Utah Code Section 51, Chapter 7) (Act) and related Rules of the Money Management Council (Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the actions of the Council to be helpful oversight for protection of its uninsured bank deposits.

Rules of the Council allow Granite Education Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

All of the District's investments are with the PTIF. The Foundation has deposits separate from the District and invests private funds through a broker. The Foundation's deposits and investments comprise the majority portion of the aggregated governmental nonmajor funds and those deposits and investments bear risks that differ from those of the District. Accordingly, the Foundation's deposits and investments are reported separately in the following schedules:

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

### A) Deposits:

At June 30, 2005, the District (including *Student Activity Fund*) and the Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Granite School District	\$ 9,096,648	\$ 14,906,997	\$ 3,296,218
Granite Education Foundation	311,085	322,145	144,865
Total deposits	<u>\$ 9,407,733</u>	<u>\$ 15,229,142</u>	<u>\$ 3,441,083</u>

- 1) Custodial credit risk - Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2005, \$11,788,059 of the District's and \$177,280 of the Foundation's bank deposits was uninsured and uncollateralized.

### B) Investments:

At June 30, 2005, the District (including the *Student Activity Fund*) and the Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Granite School District:					
Utah Public Treasurers' Investment Fund (PTIF)	\$ 98,801,175	\$ 98,801,175	\$ -	\$ -	\$ -
Granite Education Foundation, a special revenue fund:					
Mutual funds investing in:					
Common stocks	461,578	461,578	-	-	-
Corporate bonds	124,830	124,830	-	-	-
Government bonds	68,301	68,301	-	-	-
Common stocks	316,572	316,572	-	-	-
Preferred stocks	190,434	-	178,954	-	11,480
Corporate bonds	40,947	10,300	30,647	-	-
Government bonds	21,037	16,618	4,419	-	-
Total Foundation	<u>1,223,699</u>	<u>998,199</u>	<u>214,020</u>	<u>-</u>	<u>11,480</u>
Total investments	<u>\$ 100,024,874</u>	<u>\$ 99,799,374</u>	<u>\$ 214,020</u>	<u>\$ -</u>	<u>\$ 11,480</u>

Some of the preferred stocks, corporate bonds, and government bonds mature later than the year presented; these are presented in the year they are callable.



# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

- 1) **Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.
- 2) **Credit Risk** - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation. The District has no investment policy that would further limit its investment choices. At June 30, 2005, the District and the Foundation have the following investments subject to credit risk:

Investment Type	Fair Value	Credit Quality Ratings			
		AA/A	Less Than A	Unrated	
Granite School District:					
Utah Public Treasurers' Investment Fund (PTIF)	\$ 98,801,175	\$ -	\$ -	\$ 98,801,175	
Granite Education Foundation:					
Bond mutual funds	124,830	-	-	124,830	
Preferred stocks	190,434	103,675	86,759	-	
Corporate bonds	40,947	31,175	9,772	-	

- 3) **Concentration of Credit Risk** - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.
- 4) **Custodial Credit Risk** - Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

custodian. The Foundation's investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

### NOTE 3 - Property Taxes

The Salt Lake County treasurer acts as agent for the District in collecting and distributing property tax revenues. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the valuation by May 15. By July 21, the county treasurer mails property tax notices to the owners. Between August 1 and August 15, a property owner may petition the county board of equalization for an adjustment. The county auditor approves all changes by November 1, at which date, the completed assessments are to be delivered to the county treasurer. Property tax notices with a due date of November 30 are mailed to property owners. Delinquent taxes are subject to a 2% penalty, with a minimum of ten dollars. If the taxes are not paid by January 15 of the following year, they are subject to an interest charge equal to the federal discount rate. The interest accrues from January 1st. If taxes remain delinquent by May of the fifth year, the county will advertise and sell the property at a tax sale.

As of June 30, 2005, the District had accrued a property tax receivable on the government-wide financial statements of \$124,924,746. This accrual represents calendar year 2005 property taxes of \$120,303,956 levied for the year ended June 30, 2006 due to be collected by November 30, 2005 plus \$4,620,790 of delinquent property taxes receivable for taxes assessed prior to 2004 that remain uncollected.

### NOTE 4 - Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 22,685,303	\$ -	\$ 21,979	\$ 22,663,324
Construction in progress	20,597,165	15,845,058	25,810,600	10,631,623
Water stock	36,221	-	-	36,221
Total capital assets not being depreciated	43,318,689	15,845,058	25,832,579	33,331,168
Capital assets being depreciated:				
Buildings and improvements	349,340,411	23,502,607	439,098	372,403,920
Land improvements	16,409,520	1,234,158	143,239	17,500,439
Vehicles	18,924,379	1,506,606	1,055,310	19,375,675
Equipment	20,005,050	1,693,899	260,272	21,438,677
Total capital assets, being depreciated	404,679,360	27,937,270	1,897,919	430,718,711
Accumulated depreciation for:				
Buildings and improvements	(175,137,812)	(10,812,709)	377,277	(185,573,244)
Land improvements	(7,169,221)	(1,500,759)	140,921	(8,529,059)
Vehicles	(12,522,952)	(1,328,903)	1,040,142	(12,811,713)
Equipment	(12,444,924)	(2,140,568)	224,677	(14,360,815)
Total accumulated depreciation	(207,274,909)	(15,782,939)	1,783,017	(221,274,831)
Total capital assets, being depreciated, net	197,404,451	12,154,331	(114,902)	209,443,880
Governmental activity capital assets, net	\$ 240,723,140	\$ 27,999,389	\$ (25,947,481)	\$ 242,775,048

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

Depreciation expense was charged to functions of the District as follows:

**Governmental Activities:**

Instructional services	\$ 11,119,454
Support services:	
Student	171,828
Instructional staff	154,386
District administration	99,782
School administration	376,323
Business	351,879
Operation and maintenance of facilities	1,422,868
Transportation	1,264,597
School lunch program services	793,681
Non-Instructional services	12,528
Capital assets held by the District's internal service funds are charged to the various functions based on their usage of the assets	15,613
Total depreciation expense, governmental activities	\$ 15,782,939

At June 30, 2005 the District was involved with several long-term construction and remodeling projects summarized as follows:

Project	Project(s) Authorized	Cost to Date	Cost to Complete
Granite Education Center	\$ 19,913,318	\$ 18,128,628	\$ 1,784,691
Gerald Wright Elementary	10,022,748	1,132,026	8,890,722
Hillsdale Elementary	1,497,554	625,366	872,188
Other	2,907,074	1,406,154	1,500,920
	\$ 34,340,694	\$ 21,292,174	\$ 13,048,521

The District has reserved the entire \$13,048,521 of the fund balance in the *Capital Projects Fund* for payment of these projects.

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

### NOTE 5 - Retirement Plans

Granite School District contributes to the State and School Contributory Retirement System and State and School Noncontributory Retirement System, cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Retirement Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State School Noncontributory Retirement Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems at: 540 E. 200 S. Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement Systems are required to contribute 1.0 percent of their annual covered salary and the District is required to contribute 13.89 percent of their annual covered salary. In the State and School Noncontributory Retirement System the District is required to contribute 13.38 percent of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Retirement Board. Contributions to each plan for the year ended June 30, 2005 and each of the two preceding years are as follows and represent 100% of required contributions:

Fiscal Year	Contributory Plan		Noncontributory Plan
	Employee Contributions	District Contributions	District Contributions
2003	\$ 72,064	\$ 786,193	\$ 20,743,940
2004	65,538	800,193	21,422,312
2005	64,524	896,224	24,499,319

All full-time employees are also eligible to participate in a defined contribution 401(K) retirement benefit. These funds are administered by the Systems or Educators Mutual Insurance Association at the option of the employee. The District is required by Utah State law to contribute 1.5% of eligible salaries towards the benefit on behalf of employees participating in the State and School Noncontributory Retirement System as described above. The District is not required to and does not contribute to a benefit on behalf of employees participating in the State and School Contributory Retirement System as described above. Employees are not required to but may contribute to the 401(K). Employees who participate in the 401(K) retirement benefit become fully vested at the time of the first contribution regardless of length of service. During the fiscal year ended June 30, 2005, the District contributed \$2,844,918 (representing 1.5% of eligible salaries) towards the 401(K) retirement benefit on behalf of employees participating in the noncontributory plan, and employees contributed to \$ 4,921,464.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan, available to all District contract employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$372,869 for the year ended June 30, 2005. The assets of the plan are administered and held by URS and a third-party administrator.

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

### NOTE 6 - Early Retirement Incentive Program and Other Termination Benefits

In addition to the retirement plans, the District provides an "Early Retirement Incentive Program." Eligibility is restricted to those administrators and teachers with a minimum of ten years in the District who have reached age 60; except teachers under age 60 who retire under provisions of the Utah State Employee's Retirement Act. Those qualifying under this program may receive benefits as outlined for up to five consecutive years or until age 65, whichever comes first. The District funds this program currently. The District's direct payments to retired employees under this plan for the years ended June 30, 2005 and 2004 were \$2,178,722 and \$2,378,957, respectively. Future retirement payments for employees who have elected early retirement will be \$6,515,519; a designation of the *General Fund* balance has been made for this obligation. Expenditures are recognized in the governmental funds when payments are made. Expenses are recognized in the government-wide financial statements in the year of retirement.

In addition to early retirement compensation, the District provides medical and life insurance coverage to qualified early retired or terminated long-term disabled employees for five years through its self-insured medical and life insurance plan. Employees who meet the requirements at the Systems are eligible to be covered. In addition, fully disabled employees are covered until they are rehabilitated or become eligible for Medicare. The participants entering the program subsequent to 1991 pay a nominal fee. During the year ended June 30, 2005, 424 employees were included in the program. The District's estimated cost of claim payments for the year ended June 30, 2005 cannot be reasonably estimated because the insurance carrier has not disclosed the amount. The projected estimated future cost of post-employment benefits of current employees is also undeterminable. The District has designated \$3,335,884 of the *General Fund* balance to pay a portion of future benefits.

### NOTE 7 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured against these occurrences through participation in the Utah State Risk Management Fund administered by the State of Utah Department of Administrative Services, Division of Risk Management (the Fund). Any public entity in the State of Utah can elect to participate in the Fund. The District pays an annual premium to the Fund for its insurance coverage, which is accounted for in the *General Fund*. During the year ended June 30, 2005, there were no significant reductions in coverage. In addition, over the past three fiscal years, settlement amounts did not exceed insurance coverage.

### NOTE 8 - Medical Insurance, Unemployment Insurance and Worker's Compensation Liabilities

The District is self-insured for employee medical and life insurance, unemployment compensation, and worker's compensation, which are reported in the *Self Insurance Fund*, an internal service fund.

#### A) Self-Insured Medical Insurance Plan:

Benefit payments plus an administrative charge are made to a third-party administrator who approves and processes all claims. A liability of \$4,622,316 was recorded at June 30, 2005 for claims outstanding at year-end and paid during July and August 2005. This amount represents claims made by full-time employees and by employees who work less than twelve months but are covered by the District's policy during July and August. The District insurance plan has an August year-end. Included in this liability are claims that have been estimated by the District's third-party administrator as being incurred but not reported (IBNR) in the amount of \$134,631 and \$134,749 for the years ended June 30, 2005 and 2004, respectively. Changes in the balances of claims liabilities during the years ended June 30, 2005 and 2004, are as follows:

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

	2005	2004
Unpaid Claims, Beginning of Year	\$ 4,626,398	\$ 4,601,384
Incurred Claims (including IBNRs)	37,481,871	34,923,497
Claim Payments	(37,485,953)	(34,898,483)
Unpaid Claims, End of Year	<u>\$ 4,622,316</u>	<u>\$ 4,626,398</u>

**B) Self-Insured Unemployment Compensation Plan:**

Benefit payments plus an administrative charge are made to the Utah Department of Workforce Services who approves and processes all claims. A liability of \$18,338 was recorded at June 30, 2005 for claims outstanding at year-end. Included in this liability is an estimate by a separate third-party administrator for future claims, incurred during 2005, but which have not been billed as of year-end. Changes in the balances of claims liabilities during the years ended June 30, 2005 and 2004 are as follows:

	2005	2004
Unpaid Claims, Beginning of Year	\$ 22,339	\$ 27,849
Incurred Claims (including estimate)	63,441	77,458
Unemployment Claim Payments	(67,442)	(82,968)
Unpaid Claims, End of Year	<u>\$ 18,338</u>	<u>\$ 22,339</u>

**C) Self-Insured Worker's Compensation Plan:**

Benefit payments plus an administrative charge are made to a third-party administrator who approves and processes all claims. A liability of \$834,869 was recorded at June 30, 2005 for claims outstanding at year-end with \$10,871 representing the current portion of the liability. Included in this liability is an estimate by the District's third-party administrator of outstanding claims that have not been billed. Changes in the balances of claims liabilities during the years ended June 30, 2005 and 2004 are as follows:

	2005	2004
Unpaid Claims, Beginning of Year	\$ 662,303	\$ 476,252
Incurred Claims (including estimate)	815,080	1,264,143
Compensation Claim Payments	(642,514)	(1,078,092)
Unpaid Claims, End of Year	<u>\$ 834,869</u>	<u>\$ 662,303</u>

The District has designated \$2.5 million of fund balance to offset future costs of self-insuring these plans.

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

### NOTE 9 - Long-Term Liabilities

The following is a summary of general long-term liability transactions as of and for the year ended June 30, 2005:

	Balance at June 30, 2004	Additions	Payments	Balance at June 30, 2005	Due Within One Year
Fitness equipment lease	\$ 1,732,539	\$ -	\$ (1,270,517)	\$ 462,022	\$ 462,022
Workers compensation	662,303	815,080	(642,514)	834,869	601,106
Compensated absences	4,044,665	2,669,479	(2,641,726)	4,072,418	2,117,657
Obligation for early retirement compensation and benefits	5,826,526	2,867,715	(2,178,722)	6,515,519	1,847,759
Lease revenue bonds, series 2004					
\$10 million, 2-year amortization	10,105,000	-	(5,055,000)	5,050,000	5,050,000
Bond premium	93,130	-	(55,878)	37,252	37,252
Total governmental activity long-term liabilities	<u>\$ 22,464,163</u>	<u>\$ 6,352,274</u>	<u>\$ (11,844,357)</u>	<u>\$ 16,972,080</u>	<u>\$ 10,115,796</u>

The policies governing the compensated absences, workers compensation, and the early retirement portions are discussed in notes 1(M), 8(C), and 6, respectively. In addition, the District entered into three separate leases for fitness equipment placed in various District locations, the interest rates vary by lease from 3.0 to 4.6 percent. Each lease is for three years and all leases expire in 2006. The related monthly obligations will be paid from the *Capital Projects Fund*. The equipment is recorded at its historical cost of \$3,417,372. The following is a schedule of future minimum lease payments for the fitness equipment together with the present value of the net minimum lease payments as of June 30, 2005:

Scheduled lease payments	
June 30, 2006	\$ 466,925
Less: amount representing interest	(4,903)
Present value of minimum lease payments	<u>\$ 462,022</u>

On April 5, 2004, the District issued \$10,105,000 of lease revenue bonds, bearing a 2.0% interest rate and maturing in April 2006. The proceeds will be used for the purchase and renovation of the Granite Education Center. The payment schedule is as follows (to be paid by other governmental funds):

Scheduled bond payments	
June 30, 2006	\$ 5,087,252
Less: amount representing interest	(37,252)
Present value of minimum bond payments	<u>\$ 5,050,000</u>

# GRANITE SCHOOL DISTRICT

## Notes to the Basic Financial Statements...Continued - June 30, 2005

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### **NOTE 10 - Federal and State Governmental Assistance**

The District receives significant assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *General Fund* or other applicable fund. Based on prior experience, the District administration believes such disallowance, if any, would be insignificant.

### **NOTE 11 - Subsequent Event**

On July 11, 2005 a fire erupted from a faulty computer server at Wasatch Junior High School. Upon inspection, it was determined that the building suffered irreparable damage. The Board of Education voted to house Wasatch Junior High at Churchill Junior High for the 2005-06 school year, to operate under a school within a school concept. The decision whether to rebuild Wasatch Junior High will be made in conjunction with the District's review of boundaries and population study. The Board is scheduled to make the determinating vote later in the year. As stated in Note 7, the District carries insurance to cover the damage.



## **Combining and Individual Fund Statements and Schedules**

## MAJOR GOVERNMENTAL FUNDS

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### GENERAL FUND

**General Fund** - This fund serves as the chief operating fund of the District. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

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### CAPITAL PROJECTS FUND

**Capital Projects Fund** - The purpose of this fund is to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment, textbooks, and supplies necessary for providing quality educational programs for all students within the District. Financing is provided by a property tax levies as authorized by the Utah Code 53A-21-103 and 53A-17a-145.

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**GRANITE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Property taxes	\$ 68,594,527	\$ 69,067,396	\$ 472,869	\$ 64,650,080
Earnings on investments	1,330,969	1,494,393	163,424	794,118
Miscellaneous	7,692,753	7,597,483	(95,270)	8,139,618
State	223,153,487	222,006,740	(1,146,747)	216,110,035
Federal	33,075,139	33,106,530	31,391	30,433,643
Total revenues	333,846,875	333,272,542	(574,333)	320,127,494
<b>Expenditures:</b>				
Instructional services:				
Salaries	147,365,349	146,946,987	418,362	146,632,082
Employee benefits	60,767,447	58,936,441	1,831,006	55,760,731
Purchased services	1,609,343	1,642,034	(32,691)	1,580,573
Supplies and materials	10,892,449	10,453,274	439,175	11,230,829
	220,634,588	217,978,736	2,655,852	215,204,215
Supporting services:				
Students	16,335,090	15,864,371	470,719	15,113,910
Instructional staff	23,488,391	22,844,190	644,201	21,651,315
District administration	2,780,940	2,737,452	43,488	2,737,264
School administration	21,030,149	21,074,566	(44,417)	19,911,683
Business	7,097,519	7,043,802	53,717	6,869,483
Operation and maintenance of facilities	34,658,463	34,240,089	418,374	31,834,724
Transportation	7,615,701	7,386,844	228,857	6,864,943
Total expenditures	333,640,841	329,170,050	4,470,791	320,187,537
Excess (deficiency) of revenues over (under) expenditures	206,034	4,102,492	3,896,458	(60,043)
<b>Other Financing Sources:</b>				
Transfers in	1,228,763	1,048,340	(180,423)	2,392,168
Total other financing sources	1,228,763	1,048,340	(180,423)	2,392,168
Net change in fund balances	1,434,797	5,150,832	3,716,035	2,332,125
Fund balance - beginning	26,742,976	26,742,976	-	24,410,851
Fund balance - ending	\$ 28,177,773	\$ 31,893,808	\$ 3,716,035	\$ 26,742,976

**GRANITE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Capital Projects Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Property taxes	\$ 42,873,707	\$ 43,134,342	\$ 260,635	\$ 42,925,427
Earnings on investments	550,500	817,552	267,052	387,263
State sources	2,555,422	2,014,373	(541,049)	1,632,460
Federal sources	1,778,170	1,892,763	114,593	1,944,165
Miscellaneous	480,030	383,337	(96,693)	1,201,360
Total revenues	48,237,829	48,242,367	4,538	48,090,675
<b>Expenditures:</b>				
Capital outlay:				
Salaries	3,505,816	3,454,442	51,374	3,525,296
Employee benefits	1,505,967	1,487,184	18,783	1,440,551
Purchased services	10,699,463	10,261,008	438,455	6,164,384
Supplies and materials	7,753	6,832	921	7,768
Land and improvements	1,484,619	1,333,435	151,184	2,319,003
Buildings	16,968,666	13,328,785	3,639,881	17,578,050
Equipment	12,165,662	10,082,946	2,082,716	9,990,775
Vehicles	987,837	814,141	173,696	867,471
Total capital outlay	47,325,783	40,768,773	6,557,010	41,893,298
Debt service - capital leases:				
Principal payments	1,161,812	1,270,517	(108,705)	1,123,771
Interest and finance charges	51,457	43,857	7,600	89,498
Total debt service - capital leases	1,213,269	1,314,374	(101,105)	1,213,269
Total expenditures	48,539,052	42,083,147	6,455,905	43,106,567
Excess (deficiency) of revenues over (under) expenditures	(301,223)	6,159,220	6,460,443	4,984,108
<b>Other Financing Sources (Uses):</b>				
Sale of equipment	40,000	96,081	56,081	36,953
Sale of real property	4,237,390	4,281,391	44,001	434,585
Transfers (out)	(1,571,878)	(1,390,445)	181,433	(2,724,470)
Total other financing sources (uses)	2,705,512	2,987,027	281,515	(2,252,932)
Net change in fund balances	2,404,289	9,146,247	6,741,958	2,731,176
Fund balance - beginning	19,897,095	19,897,095	-	17,165,919
Fund balance - ending	\$ 22,301,384	\$ 29,043,342	\$ 6,741,958	\$ 19,897,095

## NONMAJOR GOVERNMENTAL FUNDS

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### Special Revenue Funds

***Non K-12 Programs Fund*** - The purpose of this fund is to account for the costs of programs that are not part of the basic educational program of kindergarten through twelfth grades. Included in the fund are federal and state funded programs for Special-Education Preschool, Head Start, Adult Education and other non K-12 programs. The costs associated with providing recreational programs within the District are also included in this fund. The recreational programs are financed by a property tax levy as authorized by Utah Code 11-2-7.

***Granite Education Foundation Fund*** - The purpose of this fund is to account for donations received on behalf of the District. The Foundation is a tax-exempt nonprofit organization formed outside the public school system for the benefit of Granite School District. Although the Foundation's activities and records are operated and maintained separate from the District, the District is considered to be financially accountable for the Foundation. The Foundation, therefore, is reported as a blended component unit of the District.

***School Lunch Fund*** - The purpose of this fund is to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Department of Agriculture.

***Success Charter School Fund*** - The purpose of this fund is to account for the costs of the Success Charter School. The Success School began operations in the fall of 1999 and specializes in providing an educational opportunity for students involved with the juvenile court system. Funding is provided by the State of Utah through the Minimum School Finance Act. Additional funds are received from the local school districts in which the students reside and from federal and state charter school funds.

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### Granite Education Center Capital Projects Fund

***Granite Education Center Fund*** - The District created a municipal building authority (MBA) during the year ended June 30, 2004 for the purpose of issuing lease revenue bonds for the purchase and remodel of the Granite Education Center (GEC). The transactions and accounts of the MBA are recorded in this fund. The MBA will receive lease revenue from the District's *Capital Projects Fund*. The lease revenue will be used to make the bond payments and fund a portion of the remodeling costs. After the remodeling is completed and the bonds are retired in the year ending June 30, 2006, it is anticipated that this fund will no longer be needed. The District is considered to be financially accountable for the MBA. Therefore, it is reported as a blended component unit of the District.

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**GRANITE SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	Special Revenue				Capital Projects	Total Nonmajor Governmental Funds
	Non K-12 Programs	Granite Education Foundation	School Lunch	Success Charter School	Granite Education Center	
<b>Assets:</b>						
Cash and investments	\$ 400	\$ 1,534,784	\$ 11,098	\$ 25	\$ 66,327	\$ 1,612,634
Accounts receivable:						
Property taxes	3,291,432	-	-	-	-	3,291,432
Other local	97,372	-	8,032	154	176	105,734
State	-	-	486,864	-	-	486,864
Federal	1,142,483	-	325,190	36,619	-	1,504,292
Due from other funds	8,621,205	-	9,657,684	509,287	-	18,788,176
Prepaid expenditures	2,337	-	2,381	7,736	1,500	13,954
Inventories	-	-	752,951	-	-	752,951
Total assets	13,155,229	1,534,784	11,244,200	553,821	68,003	26,556,037
<b>Liabilities:</b>						
Accounts payable	61,513	402,522	89,263	8,080	-	561,378
Accrued salaries and related payables	8,986,752	28,393	7,283,721	337,669	-	16,636,535
Due to other funds	-	-	-	-	66,503	66,503
Deferred revenue:						
Property taxes	3,281,827	-	-	-	-	3,281,827
Other local	273,820	-	-	-	-	273,820
State	25,294	-	-	25,573	-	50,867
Total liabilities	12,629,206	430,915	7,372,984	371,322	66,503	20,870,930
<b>Fund balances:</b>						
Reserved for:						
Encumbrances	16,088	236	164,655	-	-	180,979
Prepaid expenditures	2,337	-	2,381	7,736	1,500	13,954
Inventories	-	-	752,951	-	-	752,951
Unreserved:						
Designated for:						
Equipment	-	-	2,400,000	-	-	2,400,000
Schools	-	124,243	-	-	-	124,243
Planned projects	20,000	-	-	-	-	20,000
Undesignated	487,598	979,390	551,229	174,763	-	2,192,980
Total fund balances	526,023	1,103,869	3,871,216	182,499	1,500	5,685,107
Total liabilities and fund balances	\$ 13,155,229	\$ 1,534,784	\$ 11,244,200	\$ 553,821	\$ 68,003	\$ 26,556,037

**GRANITE SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2005**

	Special Revenue				Capital Projects Granite	Total Nonmajor Governmental Funds
	Non K-12 Programs	Granite Education Foundation	School Lunch	Success Charter School	Education Center	
<b>Revenues:</b>						
Property taxes	\$ 3,005,704	\$ -	\$ -	\$ -	\$ -	\$ 3,005,704
Tuitions	1,559,850	-	-	-	-	1,559,850
Lunch sales	-	-	4,836,608	-	-	4,836,608
Earnings on investments	-	114,331	4,660	-	50,988	169,979
Other local revenues	204,087	1,079,289	178,652	2,928	8,056,372	9,521,328
State	3,012,663	-	2,251,637	524,784	-	5,789,084
Federal	2,615,715	-	11,029,524	36,619	-	13,681,858
<b>Total revenues</b>	<b>10,398,019</b>	<b>1,193,620</b>	<b>18,301,081</b>	<b>564,331</b>	<b>8,107,360</b>	<b>38,564,411</b>
<b>Expenditures:</b>						
Current:						
Instructional services	-	-	-	490,087	-	490,087
School lunch services	-	-	17,364,911	-	-	17,364,911
Noninstructional services	10,146,272	1,380,792	-	-	-	11,527,064
Capital outlay	-	-	-	11,164	2,959,871	2,971,035
Debt service - lease revenue bonds:						
Principal payments	-	-	-	-	5,055,000	5,055,000
Interest and finance charges	-	-	-	-	183,013	183,013
<b>Total expenditures</b>	<b>10,146,272</b>	<b>1,380,792</b>	<b>17,364,911</b>	<b>501,251</b>	<b>8,197,884</b>	<b>37,591,110</b>
Excess (deficiency) of revenues over (under) expenditures	251,747	(187,172)	936,170	63,080	(90,524)	973,301
<b>Other financing sources:</b>						
Transfer in	-	342,105	-	-	-	342,105
Net change in fund balances	251,747	154,933	936,170	63,080	(90,524)	1,315,406
<b>Fund balances - beginning</b>	<b>274,276</b>	<b>948,936</b>	<b>2,935,046</b>	<b>119,419</b>	<b>92,024</b>	<b>4,369,701</b>
<b>Fund balances - ending</b>	<b>\$ 526,023</b>	<b>\$ 1,103,869</b>	<b>\$ 3,871,216</b>	<b>\$ 182,499</b>	<b>\$ 1,500</b>	<b>\$ 5,685,107</b>

**GRANITE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Non K-12 Programs**  
**Nonmajor Special Revenue Fund**  
**Year Ended June 30, 2005**  
**With Comparative Totals for 2004**

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Local:				
Property taxes	\$ 2,986,055	\$ 3,005,704	\$ 19,649	\$ 2,766,742
Tuitions	1,514,463	1,559,850	45,387	1,176,225
Other	527,499	204,087	(323,412)	253,433
Total local	5,028,017	4,769,641	(258,376)	4,196,400
State:				
Regular school programs	13,201	6,389	(6,812)	13,185
Preschool	1,494,758	1,571,670	76,912	1,493,863
Adult high school	1,246,907	1,156,036	(90,871)	1,190,958
Retirement and social security	281,645	278,568	(3,077)	261,189
Total state	3,036,511	3,012,663	(23,848)	2,959,195
Federal:				
Special education preschool grant	875,768	474,978	(400,790)	317,290
Adult education	389,610	308,407	(81,203)	287,170
Other	1,329,109	1,832,330	503,221	1,076,878
Total federal	2,594,487	2,615,715	21,228	1,681,338
Total revenues	10,659,015	10,398,019	(260,996)	8,836,933
<b>Expenditures:</b>				
Current:				
Noninstructional services:				
Salaries	7,098,485	6,837,242	261,243	5,984,328
Employee benefits	1,889,296	1,824,256	65,040	1,485,511
Purchased services	680,923	695,015	(14,092)	668,690
Supplies	697,766	604,756	93,010	551,224
Indirect costs	233,557	185,003	48,554	186,056
Total noninstructional services	10,600,027	10,146,272	453,755	8,875,809
Capital Outlay:				
Equipment	35,738	-	35,738	-
Total expenditures	10,635,765	10,146,272	489,493	8,875,809
Net change in fund balances	23,250	251,747	228,497	(38,876)
<b>Fund balances - beginning</b>	274,276	274,276	-	313,152
<b>Fund balances - ending</b>	<u>\$ 297,526</u>	<u>\$ 526,023</u>	<u>\$ 228,497</u>	<u>\$ 274,276</u>



**GRANITE SCHOOL DISTRICT**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balances**  
*Granite Education Foundation*  
**Nonmajor Special Revenue Fund**  
**Years Ended June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>		
Local:		
Contributions	\$ 967,412	\$ 1,432,538
Proceeds from fundraising activities	111,877	100,471
Earnings on investments	114,331	78,565
Total revenues	<u>1,193,620</u>	<u>1,611,574</u>
<b>Expenditures:</b>		
Current:		
Noninstructional:		
Fundraising costs	45,316	29,383
Contributions to schools	639,143	1,185,042
Office	696,333	518,447
Total noninstructional services	<u>1,380,792</u>	<u>1,732,872</u>
(Deficiency) of revenues (under) expenditures	(187,172)	(121,298)
<b>Other financing sources:</b>		
Transfer in	<u>342,105</u>	<u>332,303</u>
Net change in fund balances	154,933	211,005
<b>Fund balances - beginning</b>	<u>948,936</u>	<u>737,931</u>
<b>Fund balances - ending</b>	<u><u>\$ 1,103,869</u></u>	<u><u>\$ 948,936</u></u>

**GRANITE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**School Lunch**  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Local:				
Lunch sales - children	\$ 4,792,467	\$ 4,655,183	\$ (137,284)	\$ 4,744,824
Lunch Sales - adult	185,831	181,425	(4,406)	185,513
Earnings on investments	3,113	4,660	1,547	636
Other local sales	200,000	178,652	(21,348)	261,527
Total local	5,181,411	5,019,920	(161,491)	5,192,500
State:				
State lunch program	2,140,946	2,251,637	110,691	2,119,748
Total state	2,140,946	2,251,637	110,691	2,119,748
Federal:				
Federal lunch program	10,661,209	11,029,524	368,315	10,271,193
Total federal	10,661,209	11,029,524	368,315	10,271,193
Total revenues	17,983,566	18,301,081	317,515	17,583,441
<b>Expenditures:</b>				
Current:				
School lunch services:				
Salaries	6,315,654	6,297,025	18,629	6,128,072
Employee benefits	2,246,919	2,277,824	(30,905)	2,077,534
Purchased services	1,064,126	963,225	100,901	961,319
Supplies (except food)	658,000	650,393	7,607	570,380
Food	6,142,439	5,664,490	477,949	5,931,235
Indirect cost allocation	1,184,923	1,149,253	35,670	1,237,543
Total school lunch services	17,612,061	17,002,210	609,851	16,906,083
Capital outlay:				
Equipment	511,512	362,701	148,811	142,980
Total expenditures	18,123,573	17,364,911	758,662	17,049,063
Net change in fund balances	(140,007)	936,170	1,076,177	534,378
<b>Fund balances - beginning</b>	2,935,046	2,935,046	-	2,400,668
<b>Fund balances - ending</b>	<u>\$ 2,795,039</u>	<u>\$ 3,871,216</u>	<u>\$ 1,076,177</u>	<u>\$ 2,935,046</u>

**GRANITE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Success Charter School**  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Local	\$ 5,000	\$ 2,928	\$ (2,072)	\$ 6,546
State sources	536,074	524,784	(11,290)	470,319
Federal sources	-	36,619	36,619	-
Total revenues	541,074	564,331	23,257	476,865
<b>Expenditures:</b>				
Current:				
Instructional services:				
Salaries	304,138	310,610	(6,472)	247,213
Employee benefits	106,442	105,704	738	88,001
Purchased services	66,500	37,140	29,360	43,304
Supplies	31,906	27,276	4,630	29,947
Indirect cost allocation	9,416	9,357	59	8,496
Total instructional services	518,402	490,087	28,315	416,961
Capital outlay:				
Equipment	11,500	11,164	336	18,675
Total expenditures	529,902	501,251	28,651	435,636
Net change in fund balances	11,172	63,080	51,908	41,229
<b>Fund balances - beginning</b>	119,419	119,419	-	78,190
<b>Fund balances - ending</b>	\$ 130,591	\$ 182,499	\$ 51,908	\$ 119,419

**GRANITE SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**Granite Education Center Fund**  
**Nonmajor Capital Projects Fund**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
<b>Revenues:</b>				
Earnings on investments	\$ 49,186	\$ 50,988	\$ 1,802	\$ 10,836
Lease revenue	8,056,674	8,056,372	(302)	4,035,051
Total revenues	8,105,860	8,107,360	1,500	4,045,887
<b>Expenditures:</b>				
Capital outlay:				
Purchased services	500	500	-	12,629
Equipment	-	272,474	(272,474)	-
Land and improvements	-	-	-	3,500,000
Buildings	2,959,371	2,686,897	272,474	10,528,421
Total capital outlay	2,959,871	2,959,871	-	14,041,050
Lease revenue bond issuance costs	-	-	-	124,913
Debt service - lease revenue bonds:				
Principal payments	5,055,000	5,055,000	-	-
Interest and finance charges	183,013	183,013	-	-
Total debt service - lease revenue bonds	5,238,013	5,238,013	-	-
Total expenditures	8,197,884	8,197,884	-	14,165,963
(Deficiency) of revenues (under) expenditures	(92,024)	(90,524)	1,500	(10,120,076)
<b>Other Financing Sources (Uses):</b>				
Lease revenue bond proceeds	-	-	-	10,105,000
Lease revenue bond premium	-	-	-	107,100
Total other financing sources (uses)	-	-	-	10,212,100
Net change in fund balances	(92,024)	(90,524)	1,500	92,024.00
Fund balance - beginning	92,024	92,024	-	-
Fund balance - ending	\$ -	\$ 1,500	\$ 1,500	\$ 92,024

## PROPRIETARY FUNDS

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### Internal Service Funds

***Printing Services Fund*** - The purpose of this fund is to account for printing services provided to departments and schools by the District printing department. Costs are recovered by charges to user departments and schools.

***Self Insurance Fund*** - The purpose of this fund is to account for the costs of the District's self-insured plans for medical insurance, industrial insurance and unemployment compensation. Annual premiums are charged to the other funds based upon total projected expenditures. Benefit payments plus an administrative charge are made to third-party administrators who approve and process all claims.

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**GRANITE SCHOOL DISTRICT**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
June 30, 2005  
With Comparative Totals for 2004

	2005			2004
	Printing Services Fund	Self Insurance Fund	Total	Total
<b>Assets:</b>				
Current assets:				
Accounts receivable - local	\$ 31,974	\$ 57	\$ 32,031	\$ 122,304
Due from other funds	186,294	7,485,139	7,671,433	6,756,147
Inventories	48,286	-	48,286	46,380
Prepaid expenses	2,482	-	2,482	2,686
Capital assets:				
Equipment	420,800	-	420,800	418,828
Accumulated depreciation	(369,054)	-	(369,054)	(353,441)
Total assets	320,782	7,485,196	7,805,978	6,992,904
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	10,541	336,015	346,556	1,187,799
Accrued salaries and related benefits	299,569	-	299,569	242,951
Health and accident insurance payable	-	4,622,316	4,622,316	4,626,398
Workers compensation payable	-	10,871	10,871	182,277
Unemployment insurance payable	-	18,338	18,338	22,339
Total current liabilities	310,110	4,987,540	5,297,650	6,261,764
Noncurrent liabilities:				
Workers compensation payable	-	823,998	823,998	480,026
Total liabilities	310,110	5,811,538	6,121,648	6,741,790
<b>Net assets:</b>				
Invested in capital assets	51,746	-	51,746	65,387
Unrestricted	(41,074)	1,673,658	1,632,584	185,727
Total net assets	\$ 10,672	\$ 1,673,658	\$ 1,684,330	\$ 251,114

**GRANITE SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Internal Service Funds**  
Year Ended June 30, 2005  
With Comparative Totals for 2004

	<u>Printing Services Fund</u>	<u>2005 Self Insurance Fund</u>	<u>Total</u>	<u>2004 Total</u>
<b>Operating revenues:</b>				
Charges for services:				
Medical insurance premiums	\$ -	\$ 39,435,450	\$ 39,435,450	\$ 35,840,352
Unemployment insurance premiums	-	100,000	100,000	90,000
Industrial insurance premium	-	1,700,000	1,700,000	1,400,000
Other services	530,334	-	530,334	676,821
Total operating revenues	<u>530,334</u>	<u>41,235,450</u>	<u>41,765,784</u>	<u>38,007,173</u>
<b>Operating expenses:</b>				
Salaries	260,660	-	260,660	263,668
Employee benefits	96,525	-	96,525	84,102
Medical claims	-	24,060,491	24,060,491	19,502,668
Medical premiums	-	6,185,566	6,185,566	5,180,656
Prescription claims	-	5,696,363	5,696,363	8,146,139
Medical administrative fees	-	1,543,533	1,543,533	1,728,106
Medical reinsurance premiums	-	683,402	683,402	736,042
Industrial claims	-	1,484,548	1,484,548	1,712,307
Unemployment claims	-	64,975	64,975	96,049
Purchased services	76,572	36,980	113,552	105,194
Supplies and materials	127,340	-	127,340	184,104
Depreciation	15,613	-	15,613	17,024
Total operating expenses	<u>576,710</u>	<u>39,755,858</u>	<u>40,332,568</u>	<u>37,756,059</u>
Operating income (loss)	(46,376)	1,479,592	1,433,216	251,114
<b>Net assets - beginning</b>	<u>57,048</u>	<u>194,066</u>	<u>251,114</u>	<u>-</u>
<b>Net assets - ending</b>	<u>\$ 10,672</u>	<u>\$ 1,673,658</u>	<u>\$ 1,684,330</u>	<u>\$ 251,114</u>

**GRANITE SCHOOL DISTRICT**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**Year Ended June 30, 2005**  
**With Comparative Totals for 2004**

	2005			2004
	Printing Services Fund	Self Insurance Fund	Totals	Totals
<b>Cash flows from operating activities:</b>				
Receipts from interfund services provided	\$ 605,718	\$ 41,250,336	\$ 41,856,054	\$ 37,958,135
Receipts from suppliers for goods and services	-	(869,347)	(869,347)	114,931
Payments to employees	(300,567)	-	(300,567)	(298,401)
Payments to suppliers for goods and services	(214,489)	-	(214,489)	(260,796)
Payments for medical fees and insurance claims	-	(39,554,394)	(39,554,394)	(36,896,412)
Payments as assessments from other funds	(88,690)	(826,595)	(915,285)	(606,457)
Net cash provided by operating activities	1,972	-	1,972	11,000
<b>Cash flows from capital and related financing activities:</b>				
Purchase of equipment	(1,972)	-	(1,972)	(11,000)
Net cash (used) by operating activities	(1,972)	-	(1,972)	(11,000)
Net change in cash and cash equivalents	-	-	-	-
<b>Cash and cash equivalents - beginning</b>	-	-	-	-
<b>Cash and cash equivalents - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Reconciliation of operating income (loss) to net cash provided by operating activities:

Operating income (loss)	\$ (46,376)	\$ 1,479,592	\$ 1,433,216	\$ 251,114
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Noncash item - depreciation	15,613	-	15,613	17,024
(Increase) decrease in operating assets:				
Accounts receivable - other local	75,384	14,886	90,270	(49,039)
Due from other funds	(88,690)	(826,595)	(915,285)	(606,457)
Inventories	(1,905)	-	(1,905)	(12,183)
Prepaid expenses	204	-	204	(2,686)
Increase (decrease) in operating liabilities:				
Accounts payable	(8,876)	(832,367)	(841,243)	158,303
Accrued salaries and related benefits	56,618	-	56,618	49,369
Health and accident insurance payable	-	(4,082)	(4,082)	25,014
Workers compensation payable	-	172,566	172,566	186,051
Unemployment insurance payable	-	(4,000)	(4,000)	(5,510)
Total adjustments	48,348	(1,479,592)	(1,431,244)	(240,114)
Net cash provided by operating activities	<u>\$ 1,972</u>	<u>\$ -</u>	<u>\$ 1,972</u>	<u>\$ 11,000</u>

Noncash investing, capital, and financing activities: none none none none



## Fiduciary Funds

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### Agency Fund

***Student Activities Fund*** (An Agency Fund) - The purpose of this fund is to account for the resources generated by student groups within the District, while engaged in activities associated with student life. The District has a fiduciary responsibility concerning these student accounts to ensure their safety and accountability.

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**GRANITE SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities (Continued on Following Pages)**  
**Student Activities Fund**  
**Year Ended June 30, 2005**

	Balance at July 1, 2004	Additions	Deductions	Balance at June 30, 2005
<b>Assets:</b>				
Cash and investments	\$ 6,931,703	\$ 19,298,933	\$ 19,273,912	\$ 6,956,724
Accounts receivable - other local	5,033	10,585	5,033	10,585
Total assets	<u>\$ 6,936,736</u>	<u>\$ 19,309,518</u>	<u>\$ 19,278,945</u>	<u>\$ 6,967,309</u>
<b>Liabilities:</b>				
Accounts payable	\$ 787,036	\$ 3,141,130	\$ 3,163,536	\$ 764,630
Due to student organizations:				
Elementary schools:				
Academy Park	8,827	59,983	53,448	15,362
Arcadia	12,242	30,242	30,403	12,081
Bacchus	20,454	67,080	64,841	22,693
Beehive	1,700	52,911	48,927	5,684
Bennion	7,420	47,219	44,391	10,248
Jim Bridger	36,217	43,218	57,384	22,051
Canyon Rim	24,039	40,713	36,368	28,384
Copper Hills	28,693	40,667	42,293	27,067
Cottonwood	17,410	43,692	42,330	18,772
Crestview	16,545	46,251	55,692	7,104
Howard Driggs	33,891	69,066	75,558	27,399
Eastwood	35,695	85,556	103,523	17,728
Philo Farnsworth	6,679	45,083	47,360	4,402
Fox Hills	17,684	32,231	31,954	17,961
John Fremont	18,366	58,285	57,871	18,780
Robert Frost	13,274	39,245	38,312	14,207
David Gourley	10,244	29,282	32,249	7,277
Granger	15,652	58,867	39,221	35,298
Hill View	12,527	35,430	32,645	15,312
Hillsdale	37,051	9,439	16,484	30,006
Hillside	13,204	39,223	30,252	22,175
Hunter	31,992	70,820	82,660	20,152
Jackling	20,486	48,053	39,671	28,868
Lake Ridge	24,887	36,219	29,108	31,998
Lincoln	5,603	22,830	24,514	3,919
Magna	15,154	60,817	60,116	15,855
Meadow Moor	16,205	36,991	26,096	27,100
Mill Creek	11,809	28,171	21,214	18,766
Monroe	15,321	22,244	27,853	9,712
Morningside	23,441	51,836	59,948	15,329
James Moss	7,654	34,944	34,395	8,203
Oakridge	15,515	103,454	90,608	28,361
Oakwood	35,627	75,034	76,230	34,431
Oquirrh Hills	12,657	44,301	46,600	10,358
Douglas Orchard	13,084	72,724	76,214	9,594
William Penn	22,119	52,535	56,632	18,022
Pioneer	10,318	60,790	63,578	7,530
Pleasant Green	21,936	44,585	44,720	21,801
Plymouth	17,996	48,919	45,385	21,530
Redwood	8,227	43,766	43,582	8,411
Rolling Meadows	8,884	35,285	33,876	10,293

(continued)

**GRANITE SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities (Continued on Following Pages)**  
**Student Activities Fund**  
**Year Ended June 30, 2005**

	Balance at July 1, 2004	Additions	Deductions	Balance at June 30, 2005
<b>Liabilities (continued):</b>				
Due to student organizations (continued):				
Elementary schools (continued):				
Roosevelt	\$ 25,610	\$ 30,614	\$ 35,619	\$ 20,605
Rosecrest	15,747	47,856	53,597	10,006
Carl Sandburg	32,322	35,592	29,392	38,522
Silver Hills	9,073	31,962	32,382	8,653
Calvin Smith	10,775	24,839	24,857	10,757
South Kearns	13,518	26,679	29,484	10,713
Stansbury	15,708	25,129	25,708	15,129
Taylorville	7,066	33,934	28,799	12,201
Harry Truman	15,926	36,212	29,833	22,305
Twin Peaks	23,694	44,777	46,275	22,196
Upland Terrace	9,966	58,119	55,198	12,887
Valley Crest	9,183	44,566	43,488	10,261
Vista	6,538	29,767	25,597	10,708
West Kearns	(1,142)	53,465	48,625	3,698
West Valley	8,040	32,571	37,804	2,807
Westbrook	11,187	21,969	17,706	15,450
Western Hills	6,187	35,358	32,682	8,863
Whittier	6,996	54,156	47,120	14,032
Woodrow Wilson	2,267	26,547	21,548	7,266
Woodstock	5,745	46,703	46,637	5,811
Total elementary schools	961,135	2,708,816	2,676,857	993,094
Junior high schools:				
Bennion	108,909	170,294	182,057	97,146
Bonneville	127,486	171,997	184,323	115,160
Brockbank	119,210	258,998	266,902	111,306
Churchill	198,160	249,745	275,368	172,537
Eisenhower	142,883	330,247	314,350	158,780
Evergreen	83,117	224,050	221,091	86,076
Granite Park	100,196	91,916	90,260	101,852
Hunter	196,244	212,174	254,438	153,980
Jefferson	75,214	187,196	206,921	55,489
Kearns	102,384	168,045	149,360	121,069
Kennedy	101,164	253,169	221,335	132,998
Matheson	36,156	180,713	154,949	61,920
Olympus	162,395	492,052	493,708	160,739
Valley	121,689	153,786	136,642	138,833
Wasatch	229,586	242,359	250,615	221,330
West Lake	69,800	237,354	260,237	46,917
Total junior high schools	1,974,593	3,624,095	3,662,556	1,936,132

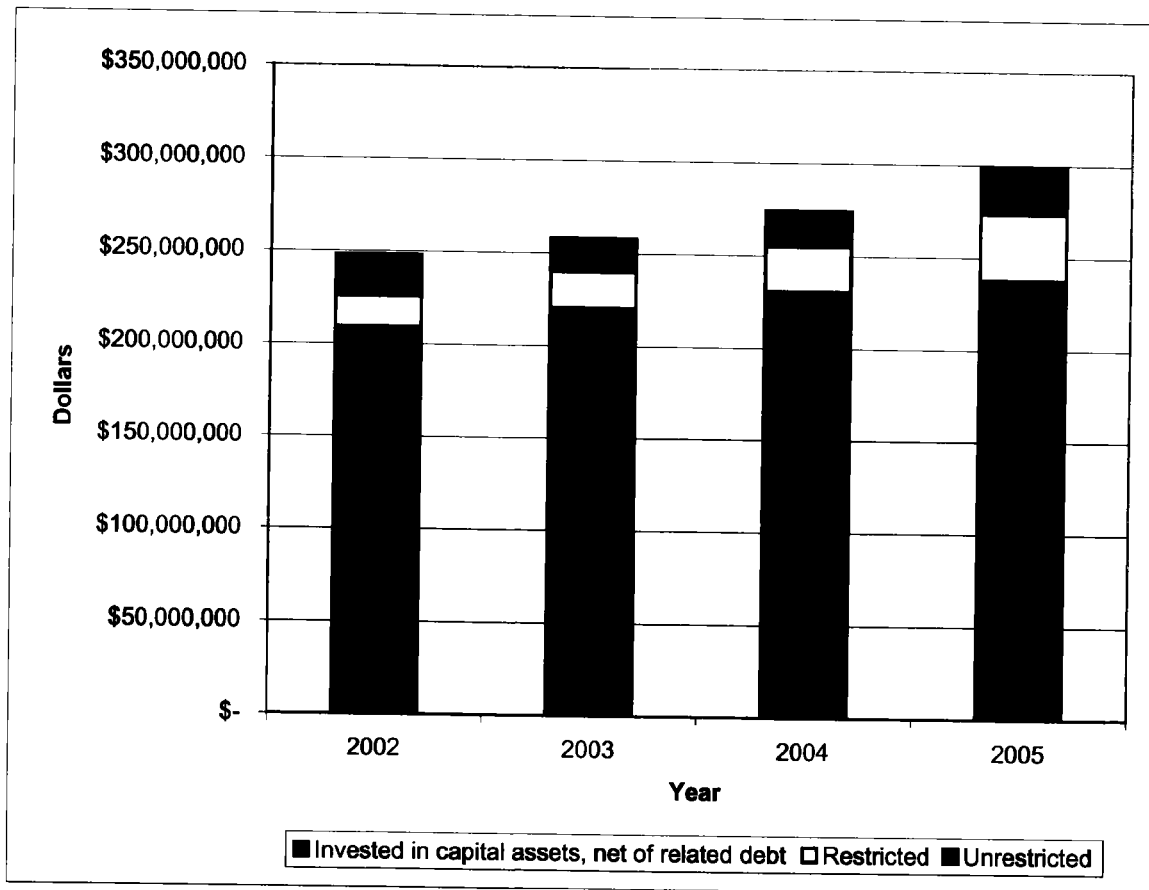
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**GRANITE SCHOOL DISTRICT**  
**Statement of Changes in Assets and Liabilities (Concluded)**  
**Student Activities Fund**  
**Year Ended June 30, 2005**

	Balance at July 1, 2004	Additions	Deductions	Balance at June 30, 2005
<b>Liabilities (continued):</b>				
Due to student organizations (continued):				
High schools:				
Cottonwood	\$ 156,985	\$ 1,112,221	\$ 985,994	\$ 283,212
Cyprus	128,273	759,273	734,294	153,252
Granger	191,598	654,082	675,833	169,847
Granite	139,792	445,720	403,815	181,697
Hunter	445,889	1,119,635	1,173,538	391,986
Kearns	178,859	806,943	845,600	140,202
Olympus	363,854	1,487,540	1,500,257	351,137
Skyline	498,088	1,630,330	1,632,869	495,549
Taylorville	433,301	1,227,976	1,141,733	519,544
Central	59,037	89,972	101,309	47,700
Total high schools	<u>2,595,676</u>	<u>9,333,692</u>	<u>9,195,242</u>	<u>2,734,126</u>
Community schools and special purpose programs:				
Family Studies Community School	96,131	27,059	123,190	-
Community Swimming Pools	2,375	1,046	1,380	2,041
Cottonwood Community School	14,019	41,962	28,606	27,375
Granger High Community School	25,975	23,886	23,334	26,527
Granite High Community School	14,190	19,285	23,023	10,452
Kearns High Community School	59,931	127,403	126,401	60,933
Olympus High Community School	15,230	96	15,326	-
Hunter High Community School	23,403	17,191	16,633	23,961
Skyline High Community School	15,906	20,138	16,784	19,260
Taylorville High Community School	31,532	27,468	28,541	30,459
Hartvigsen Community School	16,564	14,619	14,259	16,924
Central High Community School	6,524	34,537	37,731	3,330
Jones Center and Hartvigsen Center	296,479	147,095	125,509	318,065
West Lake Title I	37	-	37	-
Total community schools and special purpose programs	<u>618,296</u>	<u>501,785</u>	<u>580,754</u>	<u>539,327</u>
Total due to student organizations	<u>6,149,700</u>	<u>16,168,388</u>	<u>16,115,409</u>	<u>6,202,679</u>
Total liabilities	<u>\$ 6,936,736</u>	<u>\$ 19,309,518</u>	<u>\$ 19,278,945</u>	<u>\$ 6,967,309</u>

**Granite School District**  
**Net Assets by Component**  
 Last Four Fiscal Years - June 30, 2002 through June 30, 2005  
 (accrual basis of accounting)

	Invested in capital assets, net of related debt	Restricted	Unrestricted	Total net assets
2002	\$ 209,069,073	\$ 16,945,712	\$ 22,083,908	\$ 248,098,693
2003	220,231,040	19,875,114	18,009,403	258,115,557
2004	230,525,010	24,427,691	19,371,944	274,324,645
2005	237,687,796	36,000,878	25,506,803	299,195,477



Source: District records

# Granite School District

## Changes in Net Assets

Last Four Fiscal Years - June 30, 2002 through 2005  
(accrual basis of accounting)

	2002	2003	2004	2005
<b>Expenses:</b>				
Instructional services	\$ 251,680,733	\$ 241,131,082	\$ 243,094,998	\$ 247,861,043
Supporting services:				
Students	14,713,477	14,759,488	15,290,440	16,070,499
Instructional staff	14,980,312	21,212,436	21,808,906	23,026,016
District administration	2,415,728	2,575,845	2,787,791	2,837,234
School administration	19,738,935	19,867,833	20,329,248	21,498,909
Business	7,004,683	6,833,802	7,169,098	7,409,401
Operation and maintenance of facilities	32,615,467	33,625,966	33,407,017	35,745,589
Transportation	8,072,368	7,885,287	8,153,339	8,665,161
School lunch services	15,424,737	15,854,472	16,693,757	17,009,339
Noninstructional services	10,076,793	10,117,286	10,621,864	11,539,592
Interest on long-term liabilities	424	84,166	112,709	153,211
Total expenses	<u>376,723,657</u>	<u>373,947,663</u>	<u>379,469,167</u>	<u>391,815,994</u>
<b>Program Revenues:</b>				
Charges for services:				
Instructional services	2,274,969	1,352,646	1,485,995	1,368,419
Supporting services	225,323	639,343	675,977	607,150
School lunch services	5,219,315	4,938,638	4,930,337	4,836,608
Noninstructional services	171,279	396,948	497,834	1,120,926
Operating grants and contributions	81,391,488	85,594,345	89,414,541	97,597,800
Capital grants and contributions	202,663	312,771	110,057	-
Total program revenues	<u>89,485,037</u>	<u>93,234,691</u>	<u>97,114,741</u>	<u>105,530,903</u>
<b>General Revenue and</b>				
<b>Other Changes in Net Assets:</b>				
Property taxes	107,356,948	107,104,486	109,992,530	115,346,766
Federal and State aid not restricted to specific programs	187,494,471	175,330,939	178,097,498	180,893,548
Earnings on investments	2,321,172	1,827,208	1,271,418	2,481,924
Miscellaneous	5,071,816	6,467,203	9,202,068	12,433,685
Total general and other	<u>302,244,407</u>	<u>290,729,836</u>	<u>298,563,514</u>	<u>311,155,923</u>
<b>Change in Net Assets</b>	15,005,787	10,016,864	16,209,088	24,870,832
<b>Net Assets - Beginning</b>	233,092,906	248,098,693	258,115,557	274,324,645
<b>Net Assets - Ending</b>	<u>\$ 248,098,693</u>	<u>\$ 258,115,557</u>	<u>\$ 274,324,645</u>	<u>\$ 299,195,477</u>

Source: District records

**Granite School District**  
**Fund Balances - Governmental Funds**  
Last Four Fiscal Years - June 30, 2002 through 2005

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>General fund balance:</b>				
Reserved	\$ 4,871,903	\$ 4,223,488	\$ 4,079,311	\$ 3,734,685
Unreserved:				
Designated	17,415,203	17,277,493	21,214,579	24,934,186
Undesignated	<u>2,500,964</u>	<u>2,909,870</u>	<u>1,449,086</u>	<u>3,224,937</u>
Total	<u>24,788,070</u>	<u>24,410,851</u>	<u>26,742,976</u>	<u>31,893,808</u>
 <b>Capital projects fund balance:</b>				
Reserved	9,382,320	12,684,851	10,337,572	15,990,551
Unreserved:				
Designated	4,560,700	4,481,068	4,355,438	11,006,215
Undesignated	-	-	<u>5,204,085</u>	<u>2,046,576</u>
Total	<u>13,943,020</u>	<u>17,165,919</u>	<u>19,897,095</u>	<u>29,043,342</u>
 <b>All other governmental fund balances:</b>				
Reserved	680,477	946,365	1,061,880	947,884
Unreserved:				
Designated	1,315,360	1,577,421	2,021,270	2,544,243
Undesignated, reported in:				
Special revenue funds	<u>879,918</u>	<u>1,006,155</u>	<u>1,286,550</u>	<u>2,192,980</u>
Total	<u>2,875,755</u>	<u>3,529,941</u>	<u>4,369,700</u>	<u>5,685,107</u>
 <b>Total governmental fund balances</b>	<u>\$ 41,606,845</u>	<u>\$ 45,106,711</u>	<u>\$ 51,009,771</u>	<u>\$ 66,622,257</u>

**Note:**

Reserved fund balances are restricted by external requirements for purposes other than appropriation in the next fiscal year.  
Designated fund balances are restricted by internal decision for purposes other than appropriation in the next fiscal year.  
Undesignated fund balances are those available for appropriation in the next fiscal year.

Source: District records

**Granite School District**  
**Changes Fund Balances - Governmental Funds**  
Last Four Fiscal Years - June 2002 through 2005

	2002	2003	2004	2005
<b>Revenues:</b>				
Property taxes	\$ 106,775,976	\$ 107,045,542	\$ 110,342,249	\$ 115,207,442
Earnings on investments	2,321,172	1,827,208	1,271,418	2,481,924
State	235,625,446	223,087,452	223,291,757	229,810,197
Federal	33,463,176	38,150,603	44,330,339	48,681,151
School lunch sales	5,219,314	4,938,638	4,930,337	4,836,608
Other local	8,522,807	10,041,218	16,606,769	19,061,998
Total revenues	<u>391,927,891</u>	<u>385,090,661</u>	<u>400,772,869</u>	<u>420,079,320</u>
<b>Expenditures:</b>				
Current:				
Instructional services	222,525,413	211,122,864	215,621,176	218,468,823
Supporting services:				
Students	14,591,873	14,629,725	15,113,910	15,864,371
Instructional staff	14,872,772	21,094,713	21,651,315	22,844,190
District administration	2,366,595	2,525,940	2,737,264	2,737,452
School administration	19,451,229	19,522,424	19,911,683	21,074,566
Business	6,767,378	6,558,634	6,869,483	7,043,802
Operation and maintenance of facilities	31,095,685	30,417,309	31,834,724	34,240,089
Transportation	6,760,276	6,589,011	6,864,943	7,386,844
School lunch services	15,702,031	16,317,431	17,049,063	17,364,911
Noninstructional services	10,057,036	10,103,725	10,608,681	11,527,064
Capital outlay	58,950,456	45,951,923	56,077,936	43,739,808
Debt service:				
Principal	5,752	567,020	1,123,771	6,323,468
Interest and fiscal charges	1,086	81,740	89,498	228,919
Total expenditures	<u>403,147,582</u>	<u>385,482,459</u>	<u>405,553,447</u>	<u>408,844,307</u>
Excess (deficiency) of revenues over (under) expenditures	(11,219,691)	(391,798)	(4,780,578)	11,235,013
<b>Other financing sources (uses):</b>				
Sale of equipment	89,540	53,950	36,953	96,081
Sale of real property	175,048	425,254	434,585	4,281,391
Capital lease proceeds	-	3,417,373	-	-
Lease revenue bond proceeds	-	-	10,105,000	-
Lease revenue bond premium	-	-	107,100	-
Transfer to internal service funds/ proprietary funds	-	(4,913)	-	-
Total other financing sources (uses)	<u>264,588</u>	<u>3,891,664</u>	<u>10,683,638</u>	<u>4,377,472</u>
<b>Net change in fund balances</b>	(10,955,103)	3,499,866	5,903,060	15,612,485
<b>Fund balances - beginning</b>	<u>52,561,948</u>	<u>41,606,845</u>	<u>45,106,711</u>	<u>51,009,772</u>
<b>Fund balances - ending</b>	<u>\$ 41,606,845</u>	<u>\$ 45,106,711</u>	<u>\$ 51,009,771</u>	<u>\$ 66,622,257</u>
			as restated	
Debt service as a percentage of noncapital expenditures	0.00%	0.19%	0.35%	1.79%

Source: District records



**Granite School District**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
 Last Ten Years - December 31, 1995 through 2004

Tax Year	Residential	Industrial & Commercial	Agriculture	Personal	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
1995	\$ 5,795,423,616	\$ 3,604,754,511	\$ 10,908,960	\$ 1,937,262,881	\$ 11,348,349,968	0.006896	\$ 14,622,597,000	77.61%
1996	6,575,607,212	3,964,170,898	13,134,320	2,072,363,764	12,625,276,194	0.006130	16,614,663,000	75.99%
1997	7,316,545,970	4,389,266,215	13,125,920	2,329,127,754	14,048,065,859	0.005807	18,438,127,000	76.19%
1998	7,801,552,860	5,786,069,250	10,755,900	1,493,436,064	15,091,814,074	0.005712	19,822,762,000	76.13%
1999	8,050,550,554	5,985,042,708	10,372,170	1,445,560,225	15,491,525,657	0.007045	20,476,989,000	75.65%
2000	8,520,755,253	6,295,198,614	11,704,970	740,843,996	15,568,502,833	0.006678	21,484,274,725	72.46%
2001	8,830,309,580	6,442,365,196	9,472,420	1,457,230,335	16,739,377,531	0.006487	20,929,736,265	79.98%
2002	9,138,527,436	6,268,101,057	11,267,960	1,568,941,869	16,986,838,322	0.006460	21,630,721,291	78.53%
2003	9,264,782,053	6,038,063,609	10,301,910	1,525,997,093	16,839,144,665	0.006740	21,811,737,713	77.20%
2004	9,706,032,524	6,403,444,702	11,799,960	1,526,685,301	17,647,962,487	0.006746	22,571,068,497	78.19%

Source: Property Tax Division, Utah State Tax Commission-List of Final Values by Year.

**Granite School District**  
**Direct and Overlapping Property Tax Rates**  
 Last Ten Years - December 31, 1995 through 2004  
 (rate per \$1 of assessed value)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Granite school district rates:</b>										
<b>General fund:</b>										
Basic state supported program	0.002640	0.002046	0.001950	0.001840	0.001840	0.001881	0.001785	0.001807	0.001825	0.001800
Voted leeway program	0.001290	0.001400	0.001389	0.001400	0.001400	0.001400	0.001400	0.001400	0.001600	0.001600
School board leeway program	0.000400	0.000400	0.000397	0.000400	0.000400	0.000400	0.000400	0.000400	0.000400	0.000400
Board k-3 reading program (1)	-	-	-	-	-	-	-	-	-	0.000121
Tort liability levy	0.000053	0.000048	0.000036	0.000031	0.000029	0.000027	0.000028	0.000029	0.000050	0.000049
Special transportation levy	0.000084	0.000079	0.000074	0.000073	0.000078	0.000073	0.000072	0.000072	0.000074	0.000073
Judgement levy	0.000000	0.000000	0.000000	0.000043	0.000066	0.000000	0.000000	0.000000	0.000000	0.000000
Total general fund	0.004467	0.003973	0.003846	0.003787	0.003813	0.003781	0.003685	0.003708	0.003949	0.004043
<b>Capital projects fund:</b>										
Capital outlay	0.000898	0.000733	0.000692	0.000687	0.001955	0.001708	0.001623	0.001572	0.001563	0.001488
10% additional basic program	0.000343	0.001297	0.001149	0.001115	0.001153	0.001071	0.001050	0.001050	0.001059	0.001039
Total capital projects fund	0.001241	0.002030	0.001841	0.001802	0.003108	0.002779	0.002673	0.002622	0.002622	0.002527
<b>Debt service fund:</b>										
Debt service	0.001031	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
<b>Other:</b>										
Community recreation levy	0.000157	0.000127	0.000120	0.000123	0.000124	0.000118	0.000129	0.000130	0.000169	0.000176
Total direct rate	0.006896	0.006130	0.005807	0.005712	0.007045	0.006678	0.006487	0.006460	0.006740	0.006746
<b>Overlapping rates:</b>										
Salt Lake County	0.003831	0.003782	0.003551	0.002805	0.003246	0.002904	0.003025	0.002939	0.002868	0.002816
Holladay City (2)	-	-	-	-	-	0.002127	0.002236	0.002171	0.002162	0.002043
South Salt Lake City	0.001021	0.001135	0.001070	0.001103	0.001100	0.001206	0.001411	0.001386	0.001403	0.001417
Taylorsville City (3)	-	-	0.001606	0.001625	0.001645	0.001762	0.001936	0.001895	0.001932	0.001181
West Valley City	0.002035	0.002049	0.001929	0.002456	0.002487	0.002490	0.002666	0.002654	0.002703	0.002694
Salt Lake County Library	0.000669	0.000647	0.000608	0.000607	0.000607	0.000583	0.000764	0.000744	0.000747	0.000733
Central Utah Water Project	0.000349	0.000342	0.000400	0.000397	0.000396	0.000377	0.000369	0.000358	0.000358	0.000353
Other special districts	0.002812	0.002610	0.008900	0.006307	0.002666	0.002505	0.002441	0.002382	0.002773	0.002740

- 1) The reading program levy was authorized by the state legislature to begin in the 2004 year.  
 2) Holladay City was incorporated November 30, 1999.  
 3) Taylorsville City was incorporated July 1, 1996. No taxes assessed in first six months.

Source: Property Tax Division, Utah State Tax Commission-Approved Property Tax Rates by Year.

**Granite School District**  
**Principal Property Tax Payers**  
December 31, 2004 and 1995

Taxpayer	2004			1995		
	Taxable Value*	Rank	Percent of Total Taxable Value	Taxable Value*	Rank	Percent of Total Taxable Value
Kennecott/Utah Copper Division	\$ 1,118,831,520	1	7.50 %	\$ 1,128,084,729	1	11.19 %
Pacific Corp (UP&L)	164,428,347	2	1.10 %	99,814,030	3	0.99 %
Alliant Techsystems	125,344,785	3	0.84 %	149,091,219	2	1.48 %
Qwest Communications	81,666,120	4	0.55 %	56,263,120	5	0.56 %
Verizon Wireless	73,650,350	5	0.49 %			
Qwestar	63,963,076	6	0.43 %			
Novus Development	61,471,274	7	0.41 %			
Hermes Associates & LTD	58,059,900	8	0.39 %	49,309,882	6	0.49 %
HCP/Utah LLG	46,628,800	9	0.31 %			
Northern Utah Healthcare	46,578,400	10	0.31 %			
Price Financing				96,012,450	4	0.95 %
HCA Health Services				49,175,581	7	0.49 %
FHP of Utah				47,763,110	8	0.47 %
Valley Fair Shopping Center				45,772,426	9	0.45 %
Franklin Development				43,858,658	10	0.43 %
	<u>\$ 1,840,622,572</u>		<u>12.33 %</u>	<u>\$ 1,482,562,980</u>		<u>17.50 %</u>
Total taxable value	\$ 14,910,756,433			\$ 10,083,077,039		

\* Taxable value as used in this table excludes all tax equivalent property associated with motor vehicles, watercraft, recreational vehicles, and all other tangible personal property required to be registered with the state.

Source: Wells Fargo Bank

**Granite School District**  
**Property Tax Levies and Collections**  
 Last Ten Tax Years December 31, 1995 through 2004

Calendar Year	Taxes Levied	Collections		Total Collections to Date	
		In the Year of Levy	Percentage of Levy	In Subsequent Years	Amount Percentage of Levy
1995	\$ 81,460,543	\$ 77,868,657	95.59%	\$ 111,278 *	\$ 77,979,935 95.73%
1996	80,261,116	76,565,561	95.40%	180,778 *	76,746,339 95.62%
1997	84,374,606	80,643,821	95.58%	542,265 *	81,186,086 96.22%
1998	87,110,583	84,158,087	96.61%	1,346,858 *	85,504,945 98.16%
1999	105,866,666	101,993,569	96.34%	2,911,733	104,905,302 99.09%
2000	107,163,816	102,986,062	96.10%	3,576,984	106,563,046 99.44%
2001	106,870,529	102,431,163	95.85%	3,899,533	106,330,696 99.49%
2002	107,052,123	102,695,760	95.93%	3,309,860	106,005,620 99.02%
2003	110,043,378	105,785,538	96.13%	2,784,234	108,569,772 98.66%
2004	116,233,153	112,031,587	96.39%	- **	112,031,587 96.39%

\* Subsequent years' collections data prior to 1999 are not complete due to unavailable records.

\*\* Taxes are due by November 30. There are no collections on delinquent taxes as of December 31, 2004.

Source: District records

**Granite School District**  
**Ratios of Outstanding Debt**  
 Last Ten Fiscal Years - June 30, 1996 through 2005

Fiscal Year	Outstanding Debt			Debt As Percentage of Taxable Value	Debt per Personal Income	Debt per Capita	Debt per Student*
	Lease Revenue Bonds	Capital Leases	Total				
1996	\$ -	\$ 104,971	\$ 104,971	0.001%	\$ 4.98	\$ 0.33	\$ 1.40
1997	-	112,712	112,712	0.001%	5.03	0.35	1.51
1998	-	635,675	635,675	0.005%	26.69	1.95	8.57
1999	-	518,542	518,542	0.003%	20.70	1.57	7.26
2000	-	21,200	21,200	0.000%	0.83	0.06	0.30
2001	-	15,916	15,916	0.000%	0.58	0.05	0.23
2002	-	10,164	10,164	0.000%	0.36	0.03	0.15
2003	-	2,858,211	2,858,211	0.017%	100.15	8.28	42.06
2004	10,105,000	1,732,539	11,837,539	0.070%	411.60	33.16	178.48
2005	5,050,000	462,022	5,512,022	0.031%	not available	15.18	82.67

\*Based on average daily membership

Source: District records

**Granite School District**  
**Direct and Overlapping Governmental Activities Debt**  
June 30, 2005

<u>Taxing Entity</u>	<u>2004 Taxable Value</u>	<u>Granite School District's Portion of Taxable Value</u>	<u>District's Percentage</u>	<u>Entity's General Obligation Debt</u>	<u>District's Portion of G.O. Debt</u>
Overlapping:					
CUWCD	\$ 73,846,926,761	\$ 18,461,731,690	25.0%	\$ 62,116,393	\$ 15,529,098
Salt Lake County	50,601,724,471	15,180,517,341	30.0%	210,300,000	63,090,000
Cottonwood Heights Parks	1,391,827,430	1,391,827,430	100.0%	6,280,000	6,280,000
SL County Regional Service Area	1,671,072,834	501,321,850	30.0%	3,070,000	921,000
Total Overlapping					<u>78,619,098</u>
				Granite School District direct debt	<u>-</u>
				Total direct and overlapping debt	<u>\$ 78,619,098</u>

Source: Salt Lake County-Comprehensive Annual Financial Report for 2004

**Granite School District**  
**Legal Debt Margin Information**

Last Ten Tax Years - December 31, 1995 through 2004

Calendar Year	Estimated Fair Market Value	Debt Limit*	Less General Obligation Debt	Legal Debt Margin	Percentage of Debt to Debt Limit*
1995	\$ 14,622,597,000	\$ 584,903,880	\$ -	\$ 584,903,880	\$ -
1996	16,614,663,000	664,586,520	-	664,586,520	-
1997	18,438,127,000	737,525,080	-	737,525,080	-
1998	19,822,762,000	792,910,480	-	792,910,480	-
1999	20,476,989,000	819,079,560	-	819,079,560	-
2000	21,484,274,725	859,370,989	-	859,370,989	-
2001	20,929,736,265	837,189,451	-	837,189,451	-
2002	21,630,721,291	865,228,852	-	865,228,852	-
2003	21,811,737,713	872,469,509	-	872,469,509	-
2004	22,571,068,497	902,842,740	-	902,842,740	-

\* The general obligation indebtedness of the District is limited by Utah law to 4% of the fair market value of taxable property in the District. The legal debt margin (additional debt incurring capacity of the District) is based on estimated assessed value.

Source: District records

**Granite School District  
Pledged Revenue Bonds**

Last Ten Fiscal Years - June 30, 1996 through 2005

Year	Revenue		Plus Premium	Net Available Revenue	Operating Expenses	Less		Coverage
						Debt Service		
						Principal	Interest	
1996	\$	-	\$	-	\$	-	\$	- %
1997		-		-		-	-	-
1998		-		-		-	-	-
1999		-		-		-	-	-
2000		-		-		-	-	-
2001		-		-		-	-	-
2002		-		-		-	-	-
2003		-		-		-	-	-
2004		14,150,887		14,257,987	14,165,963	-	-	100.65
2005		8,107,359		8,107,359	2,959,871	5,055,000	55,878	100.45

The District's Municipal Building Authority issued the lease revenue bonds in fiscal year 2004, for the purchase and remodel of the Granite Education Center. The bonds are scheduled to be repaid over a two year period. The 2004 revenue includes the bond proceeds.

Source: District records



# Granite School District

## Demographic and Economic Statistics

Last ten fiscal years - June 30, 1996 through 2005

Year	Granite District Estimated Population*	Salt Lake County Estimated Population**	Salt Lake County Total Personal Income**	Salt Lake County Per Capita Income**	Salt Lake County Unemployment Rate**	Salt Lake County Estimated New Construction**	Number of Students of Minority Ancestry
1996	314,000	827,342	\$ 17,454,434,174	\$ 21,097	3.1%	\$ 1,103,499,100	not available
1997	319,000	840,649	18,851,553,825	22,425	3.0%	1,379,618,800	not available
1998	326,000	858,306	20,445,707,226	23,821	2.7%	1,549,567,100	12,375
1999	331,000	870,735	21,812,782,485	25,051	3.4%	1,465,718,200	13,796
2000	336,000	885,216	22,675,693,056	25,616	3.4%	1,403,778,300	15,192
2001	343,000	902,777	24,983,450,698	27,674	3.0%	1,421,173,300	15,240
2002	356,000	918,279	25,899,140,916	28,204	4.3%	1,389,766,300	16,613
2003	345,000	907,564	25,900,968,996	28,539	6.3%	1,141,987,800	17,578
2004	357,000	940,465	27,047,773,400	28,760	5.1%	1,430,810,400	18,401
2005	363,000	955,166	not available	not available	4.7%	1,673,009,200	20,508

\* A 2002 study by district personnel estimated that 38% of Salt Lake County residents, live within the Granite school district boundaries. This estimate was used for all years.

\*\* The District covers the most of the northern half of Salt Lake County, which encompasses several municipalities and unincorporated areas making statistics to the District impracticable to obtain. This statistics for Salt Lake County are given since those are representative of the District. These statistics were obtain from the County's year-end financial reports. The actual per capita income as provided by the Bureau of Economic Analysis lags one year behind. Therefore, it is not available for the latest year. Prior year figures are revised as needed.

Source: Salt Lake County - Comprehensive Annual Financial Report by year, District records

**Granite School District**  
**Principal Employers**  
June 30, 2005 and 1996

Employer*	2005			1996		
	Number of Employees	Rank	Percent of District's Total Estimated Population	Number of Employees	Rank	Percent of District's Total Estimated Population
Intermountain Healthcare	12,500	1	3.4%	8,500	1	2.7%
Convergys	8,500	2	2.3%	-		0.0%
Granite School District	8,000	3	2.2%	7,000	2	2.2%
Novus (Discover Card)	4,500	4	1.2%	1,500	7	0.5%
Salt Lake Community College	3,000	5	0.8%	-		0.0%
Wal-Mart Stores	2,500	6	0.7%	-		0.0%
Albertson's Food Stores	2,500	7	0.7%	2,000	4	0.6%
Smith's Food Stores	2,500	8	0.7%	2,000	5	0.6%
US Postal Service	2,000	9	0.6%	2,000	6	0.6%
Qwest Communications	2,000	10	0.6%	-		0.0%
Uinbase Data Entry				2,500	3	0.8%
St. Marks Hospital				1,500	8	0.5%
Franklin Quest				1,500	9	0.5%
Salt Lake Regional Medical Center				1,500	10	0.5%
Totals	<u>48,000</u>		<u>13.2%</u>	<u>30,000</u>		<u>9.6%</u>

\* The number of employees within the District's boundaries for these employers is unavailable. Therefore the number of employees listed represents the best data available, which comes from Salt Lake County and the State of Utah.

Source: Utah Department of Workforce Services

**Granite School District**  
**Full-Time Equivalents by Functional Category**  
 Last Ten Fiscal Years - June 30, 1996 through 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Instructional services	3,313.04	3,343.95	3,328.34	3,375.36	3,392.35	3,385.78	3,461.00	3,268.16	3,312.61	3,256.28
Supporting services:										
Students	225.70	216.47	217.12	219.07	218.69	218.61	222.49	230.10	230.84	230.09
Instructional staff	156.02	159.37	157.41	157.10	159.23	162.71	128.93	127.34	132.08	135.87
District administration	15.75	16.75	20.25	17.25	16.75	16.75	16.75	16.75	16.75	14.75
School administration	272.10	276.26	279.76	280.26	282.81	282.31	285.61	283.28	281.48	282.48
Business	77.00	77.00	76.00	83.00	88.00	94.00	102.00	96.00	102.00	98.31
Operation and maintenance of facilities	358.69	358.76	360.76	357.76	354.26	368.76	369.76	355.26	353.76	357.76
Transportation	116.68	114.23	121.22	124.48	122.85	127.29	122.14	123.21	127.34	126.88
School lunch services	126.37	127.37	120.62	119.51	117.08	116.03	117.20	119.48	119.46	122.53
Noninstructional services	101.08	101.05	109.86	109.55	110.18	73.42	73.50	71.39	65.17	82.18
Capital outlay	82.56	93.49	90.99	99.49	96.29	103.29	100.00	97.99	97.99	90.99
Total full-time equivalents	4,844.99	4,894.70	4,882.33	4,942.83	4,958.49	4,948.95	4,999.38	4,788.96	4,839.48	4,798.12

Source: District records

**Granite School District**  
**Expenditures by Function-General Fund**  
 Last Ten Fiscal Years - June 30, 1996 through 2005

Function	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Instruction	\$ 171,279,709 69.57%	\$ 183,088,872 69.77%	\$ 188,965,965 69.31%	\$ 196,538,821 69.72%	\$ 201,486,497 70.11%	\$ 209,494,961 69.50%	\$ 222,177,757 69.85%	\$ 210,794,272 67.53%	\$ 215,204,215 67.21%	\$ 217,978,736 66.22%
Support services:										
Students	12,351,100 5.02%	12,464,902 4.75%	13,289,844 4.87%	13,252,747 4.70%	13,675,755 4.76%	14,147,717 4.69%	14,591,873 4.59%	14,629,725 4.69%	15,113,910 4.72%	15,864,371 4.82%
Instructional staff	11,638,468 4.73%	12,897,744 4.91%	13,303,024 4.88%	13,754,320 4.88%	13,203,723 4.59%	14,043,731 4.66%	14,872,772 4.68%	21,094,713 6.76%	21,651,315 6.76%	22,844,190 6.94%
District administration	2,105,451 0.86%	2,223,101 0.85%	2,519,171 0.92%	2,272,711 0.81%	2,284,483 0.79%	2,304,445 0.76%	2,366,595 0.74%	2,525,940 0.81%	2,737,264 0.85%	2,737,452 0.83%
School administration	14,636,833 5.94%	16,048,497 6.12%	16,740,649 6.14%	17,331,935 6.15%	17,687,727 6.15%	18,621,389 6.18%	19,451,229 6.12%	19,522,424 6.25%	19,911,683 6.22%	21,074,566 6.40%
Business	3,880,260 1.58%	4,119,977 1.57%	4,391,155 1.61%	5,019,383 1.78%	5,332,045 1.86%	6,243,993 2.07%	6,767,378 2.13%	6,558,634 2.10%	6,869,483 2.15%	7,043,802 2.14%
Operation and maintenance of facilities	24,971,879 10.14%	25,970,271 9.90%	27,391,018 10.05%	27,112,725 9.62%	27,492,694 9.57%	29,931,504 9.93%	31,095,685 9.78%	30,417,309 9.75%	31,834,724 9.94%	34,240,089 10.40%
Transportation	4,971,168 2.02%	5,145,187 1.96%	5,439,823 2.00%	6,008,194 2.13%	6,221,453 2.16%	6,664,135 2.21%	6,760,276 2.13%	6,589,011 2.11%	6,864,943 2.14%	7,386,844 2.24%
Noninstructional services	370,636 0.15%	472,545 0.18%	605,252 0.22%	619,555 0.22%	5,461 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%
<b>Total Expenditures</b>	<b>\$ 246,205,504</b>	<b>\$ 262,431,096</b>	<b>\$ 272,645,901</b>	<b>\$ 281,910,391</b>	<b>\$ 287,389,838</b>	<b>\$ 301,451,875</b>	<b>\$ 318,083,565</b>	<b>\$ 312,132,028</b>	<b>\$ 320,187,537</b>	<b>\$ 329,170,050</b>
Average Daily Membership	74,773	74,848	74,216	71,402	69,737	69,504	68,968	67,961	66,324	66,678
Average Expenditures Per Pupil	\$3,293	\$3,506	\$3,674	\$3,948	\$4,121	\$4,337	\$4,612	\$4,593	\$4,828	\$4,937

Source: District records

**Granite School District**  
**Expenditures by Function Per Pupil-General Fund**  
 Last Ten Fiscal Years - June 30, 1996 through 2005

Function	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Instruction	\$ 2,291 69.57%	\$ 2,446 69.77%	\$ 2,546 69.31%	\$ 2,753 69.72%	\$ 2,889 70.11%	\$ 3,014 69.50%	\$ 3,221 69.85%	\$ 3,102 67.55%	\$ 3,245 67.21%	\$ 3,269 66.22%
Support services:										
Students	165 5.02%	167 4.75%	179 4.87%	186 4.70%	196 4.76%	203 4.69%	212 4.59%	215 4.69%	228 4.72%	239 4.85%
Instructional staff	156 4.73%	172 4.91%	179 4.88%	193 4.86%	189 4.59%	202 4.66%	216 4.68%	310 6.76%	326 6.76%	343 6.94%
District administration	28 0.86%	30 0.85%	34 0.92%	32 0.81%	33 0.79%	33 0.76%	34 0.74%	37 0.81%	41 0.85%	41 0.83%
School administration	196 5.94%	215 6.12%	226 6.14%	243 6.15%	253 6.15%	268 6.18%	282 6.12%	287 6.25%	300 6.22%	316 6.40%
Business	52 1.58%	55 1.57%	59 1.61%	70 1.78%	77 1.86%	90 2.07%	98 2.13%	96 2.10%	104 2.15%	106 2.14%
Operation and maintenance of facilities	334 10.14%	347 9.90%	369 10.05%	380 9.62%	394 9.57%	431 9.94%	451 9.78%	448 9.75%	480 9.94%	513 10.40%
Transportation	66 2.01%	68 1.95%	73 2.00%	84 2.12%	89 2.17%	95 2.20%	97 2.11%	97 2.11%	104 2.15%	110 2.22%
Noninstructional services	5 0.15%	6 0.18%	8 0.22%	9 0.22%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%	- 0.00%
Total Expenditures	\$ 3,293	\$ 3,506	\$ 3,674	\$ 3,948	\$ 4,121	\$ 4,337	\$ 4,612	\$ 4,593	\$ 4,828	\$ 4,937
Average Daily Membership	74,773	74,848	74,216	71,402	69,737	69,504	68,968	67,961	66,324	66,678

Source: District records

**Granite School District**  
**Average Daily Membership vs. Average Daily Attendance**  
 Last Ten Fiscal Years - June 30, 1996 through 2005

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<b>Fiscal Year</b>	<b>Average Daily Membership</b>	<b>Average Daily Attendance</b>	<b>Ratio of ADA to ADM</b>
1996	74,773	71,164	95.17%
1997	74,848	71,155	95.07%
1998	74,216	70,655	95.20%
1999	71,402	68,356	95.73%
2000	69,737	64,475	92.45%
2001	69,504	65,850	94.74%
2002	68,968	64,990	94.23%
2003	67,961	64,316	94.64%
2004	66,324	64,428	97.14%
2005	66,678	63,075	94.60%

Source: District records

**Granite School District**  
**History of High School Graduates**  
 Last Ten School Years - School Years 1996 through 2005

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Total</u>
Cottonwood	545	561	569	474	521	489	498	446	441	422	4,966
Cyprus	321	334	395	374	353	351	334	279	303	380	3,424
Granger	371	381	429	392	461	373	391	377	319	414	3,908
Granite	244	245	230	237	251	197	192	170	178	221	2,165
Hunter	500	621	595	511	564	516	517	547	584	510	5,465
Kearns	448	554	599	524	543	536	472	496	418	527	5,117
Olympus	401	495	456	434	486	413	451	451	403	460	4,450
Skyline	571	597	597	543	557	558	480	458	441	465	5,267
Taylorville	545	647	654	621	630	594	562	556	503	554	5,866
Special Programs	251	190	120	332	317	301	291	377	296	358	2,833
Total	<u>4,197</u>	<u>4,625</u>	<u>4,644</u>	<u>4,442</u>	<u>4,683</u>	<u>4,328</u>	<u>4,188</u>	<u>4,157</u>	<u>3,886</u>	<u>4,311</u>	

Source: District records

**Granite School District**  
**Capital Asset Information**  
 Last Ten Fiscal Years - June 30, 1996 through 2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Buildings:</b>										
<b>Elementary:</b>										
Number	62	62	62	62	62	63	63	61	61	61
Square feet	3,315,337	3,315,337	3,315,337	3,315,337	3,315,337	3,393,831	3,393,831	3,318,443	3,318,443	3,318,443
Capacity	35,825	35,825	35,825	35,825	35,825	36,550	36,550	35,675	35,675	35,675
Enrollment	39,179	38,976	38,466	38,041	37,588	37,327	37,603	37,142	36,998	36,742
<b>Middle Schools:</b>										
Number	15	15	15	15	15	15	15	16	16	16
Square feet	1,895,655	1,895,655	1,895,655	1,895,655	1,895,655	1,895,655	1,895,655	2,114,808	2,114,808	2,114,808
Capacity	16,825	16,825	16,825	16,825	16,825	16,825	16,825	18,425	18,425	18,425
Enrollment	18,346	17,871	17,099	16,395	15,957	15,787	15,913	15,780	15,223	15,349
<b>High Schools:</b>										
Number	9	9	9	9	9	9	9	9	9	9
Square feet	2,553,440	2,553,440	2,553,440	2,553,440	2,553,440	2,553,440	2,553,440	2,553,440	2,553,440	2,553,440
Capacity	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850	16,850
Enrollment	16,206	16,268	16,040	15,839	15,564	15,105	14,881	14,435	14,527	14,278
<b>Special Schools:</b>										
Number	3	3	3	3	4	4	4	4	4	4
Square feet	165,609	165,609	165,609	165,609	165,609	165,609	135,365	135,365	135,365	135,365
Capacity *										
Enrollment	2,276	2,471	2,610	2,442	2,432	2,445	2,251	2,303	2,392	2,262
<b>Other Buildings:</b>										
Number	4	4	4	4	4	4	4	6	8	7
Square Feet	308,940	308,940	308,940	308,940	308,940	308,940	308,940	384,328	689,328	657,140
<b>Total Buildings :</b>										
Number	89	89	89	89	90	91	91	90	90	90
Square Feet	7,930,041	7,930,041	7,930,041	7,930,041	7,930,041	8,008,535	7,978,291	8,122,056	8,122,056	8,122,056
Capacity	69,500	69,500	69,500	69,500	69,500	70,225	70,225	70,950	70,950	70,950
Enrollment	76,007	75,586	74,215	72,717	71,541	70,664	70,648	69,660	69,140	68,631
<b>Acres of Land</b>										
	1,317.7	1,317.7	1,317.7	1,317.7	1,317.7	1,329.7	1,350.1	1,350.1	1,373.1	1,365.7
<b>Number of Portables **</b>								235	235	229
<b>Number of Vehicles **</b>								607	620	635

\* - Information for special school varies depending on needs of students

\*\* - Information for these assets is not accessible for fiscal years ending before June 30, 2003.

Source: District records



**Granite School District**  
**Statements of Net Assets**  
June 30, 2002 through 2005

	2002	2003	2004	2005
<b>Assets:</b>				
Cash and investments	\$ 58,017,323	\$ 69,729,420	\$ 65,193,816	\$ 102,475,883
Receivables:				
Property taxes	111,177,906	114,449,578	116,213,831	124,924,746
Other local	884,931	857,838	807,405	1,568,479
State	19,100,167	530,750	609,493	875,409
Federal	9,746,546	15,987,222	27,665,550	17,777,257
Prepaid expenses	641,387	416,014	3,628,878	495,438
Inventories	4,033,495	3,862,998	3,583,118	3,821,633
Lease revenue bond issuance cost net of accumulated amortization	-	-	108,620	43,448
Capital assets:				
Land, construction in progress, and water stock	60,579,219	38,760,248	43,318,689	33,331,168
Other capital assets, net of accumulated depreciation	148,489,854	181,470,792	197,404,451	209,443,880
Total assets	<u>412,670,828</u>	<u>426,064,860</u>	<u>458,533,851</u>	<u>494,757,341</u>
<b>Liabilities:</b>				
Accounts payable	7,608,022	6,413,253	6,911,916	5,610,698
Accrued salaries and related benefits	30,887,332	27,053,058	27,229,991	35,806,574
Health and accident insurance	4,053,114	4,601,384	4,626,398	4,322,316
Unemployment insurance payable	27,521	27,849	22,339	18,338
Accrued interest	68	4,800	43,882	26,101
Deferred revenue:				
Property taxes	106,383,280	109,658,541	112,243,308	120,271,147
Other local	966,883	911,002	3,337,920	702,425
State	6,410,031	6,393,194	7,291,766	11,410,495
Federal	695,678	641,133	34,523	121,690
Long-term liabilities:				
Portion due within one year	2,825,364	3,904,453	10,685,131	10,115,796
Portion due after one year	4,714,842	8,340,636	11,782,032	6,856,284
Total liabilities	<u>164,572,135</u>	<u>167,949,303</u>	<u>184,209,206</u>	<u>195,261,864</u>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	209,069,073	220,231,040	230,525,010	237,687,796
Restricted for:				
Capital projects	13,942,952	16,127,694	19,879,622	30,185,767
Non K-12 programs	254,465	403,626	385,007	637,829
Education foundation	684,251	737,931	948,935	1,103,869
School lunch	2,015,580	2,527,673	2,935,046	3,871,216
Success charter school	48,464	78,190	119,419	182,499
Education center	-	-	159,662	19,698
Unrestricted	22,083,908	18,009,403	19,371,944	25,506,803
Total net assets	<u>\$ 248,098,693</u>	<u>\$ 258,115,557</u>	<u>\$ 274,324,645</u>	<u>\$ 299,195,477</u>

Source: District records

**Granite School District**  
**Comparative Balance Sheets-General Fund**  
June 30, 2002 through 2005

	2002	2003	2004	2005
<b>Assets:</b>				
Cash and investments	\$ 31,874,090	\$ 43,339,079	\$ 35,539,094	\$ 75,638,249
Receivables:				
Property taxes	63,787,414	66,770,404	68,888,692	74,375,080
Other local	615,430	622,955	517,535	1,250,398
State	18,535,683	150,518	76,499	388,545
Federal	8,627,718	14,814,549	26,177,849	16,272,965
Prepaid expenses	638,716	415,226	470,880	447,553
Inventories	3,425,157	3,004,258	2,930,951	3,020,396
Due from other funds	1,416,467	-	-	-
Total assets	<u>\$ 128,920,675</u>	<u>\$ 129,116,989</u>	<u>\$ 134,601,500</u>	<u>\$ 171,393,186</u>
<b>Liabilities:</b>				
Accounts payable	\$ 2,032,906	\$ 1,688,149	\$ 2,395,413	\$ 2,274,359
Accrued salaries and related benefits	19,819,121	12,263,116	9,537,057	14,611,044
Due to other funds	11,237,759	16,999,817	19,457,942	36,551,818
Deferred revenue:				
Property taxes	63,590,635	66,358,454	69,159,247	74,154,443
Other local	466,801	385,065	-	426,396
State	6,392,204	6,370,404	7,274,342	11,359,628
Federal	593,179	641,133	34,523	121,690
Total liabilities	<u>104,132,605</u>	<u>104,706,138</u>	<u>107,858,524</u>	<u>139,499,378</u>
<b>Fund Balance:</b>				
Reserved for :				
Encumbrances	808,030	804,004	677,480	266,736
Prepaid expenses	638,716	415,226	470,880	447,553
Inventories	3,425,157	3,004,258	2,930,951	3,020,396
Unreserved				
Designated for:				
Undistributed reserve	8,200,000	8,500,000	8,500,000	9,500,000
Planned projects	331,920	196,593	139,849	1,065,868
Early retirement salary	5,094,225	5,016,478	5,829,526	6,515,519
Early retirement insurance	1,851,287	1,714,702	2,285,998	3,335,884
Compensated absences	1,937,771	1,849,720	1,959,206	2,016,915
Self insurance	-	-	2,500,000	2,500,000
Undesignated	2,500,964	2,909,870	1,449,086	3,224,937
Total fund balances	<u>24,788,070</u>	<u>24,410,851</u>	<u>26,742,976</u>	<u>31,893,808</u>
Total liabilities and fund balance	<u>\$ 128,920,675</u>	<u>\$ 129,116,989</u>	<u>\$ 134,601,500</u>	<u>\$ 171,393,186</u>

Source: District records

**Granite School District**  
**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - General Fund**  
Years Ended June 30, 2002 through 2005 and proposed budget for 2006

	2002	2003	2004	2005	Proposed Budget 2006
<b>Revenues:</b>					
Property taxes	\$ 60,655,075	\$ 61,709,640	\$ 64,650,080	\$ 69,067,396	\$ 72,503,417
Earnings on investments	1,558,467	1,443,266	794,118	1,494,393	1,350,000
State	227,813,137	215,792,161	216,110,035	222,006,740	233,642,652
Federal	20,739,077	25,028,805	30,433,643	33,106,530	33,573,699
Other local	5,862,528	6,479,142	8,139,618	7,597,483	7,858,243
Total revenue	316,628,284	310,453,014	320,127,494	333,272,542	348,928,011
<b>Expenditures:</b>					
Current:					
Instruction	222,177,757	210,794,272	215,204,215	217,978,736	235,672,360
Supporting services:					
Students	14,591,873	14,629,725	15,113,910	15,864,371	16,768,094
Instructional Staff	14,872,772	21,094,713	21,651,315	22,844,190	23,630,285
District administration	2,366,595	6,422,920	2,737,264	2,737,452	3,179,546
School administration	19,451,229	19,522,424	19,911,683	21,074,566	21,874,299
Business	6,767,378	2,661,654	6,869,483	7,043,802	7,347,353
Operation and maintenance of facilities	31,095,685	30,417,309	31,834,724	34,240,089	35,986,841
Transportation	6,760,276	6,589,011	6,864,943	7,386,844	7,610,489
Total expenditures	318,083,565	312,132,028	320,187,537	329,170,050	352,069,267
Excess (deficiency) of revenues over (under) expenditures	(1,455,281)	(1,679,014)	(60,043)	4,102,492	(3,141,256)
Other financing sources (uses):					
Transfers in (out)	1,792,466	1,301,795	2,392,168	1,048,340	1,748,904
Net change in fund balances	337,185	(377,219)	2,332,125	5,150,832	(1,392,352)
Fund balances - beginning	24,450,885	24,788,070	24,410,851	26,742,976	28,177,773
Fund balances - ending	\$ 24,788,070	\$ 24,410,851	\$ 26,742,976	\$ 31,893,808	\$ 26,785,421

Source: District records

**Granite School District**  
**Historical Summaries of Taxable Values of Property**  
**Last Ten Tax Years - For the Tax Years Ended December 31, 1995 through 2004**

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Set by State Tax Commission:</b>										
Centrally Assessed	\$ 1,332,708,981	\$ 1,421,214,258	\$ 1,397,210,245	\$ 1,423,296,015	\$ 1,422,018,136	\$ 1,463,375,866	\$ 1,370,751,357	\$ 1,046,875,048	\$ 871,392,738	\$ 1,260,870,537
<b>Set by County Assessor:</b>										
Locally Assessed										
<b>Real Property:</b>										
Residential real estate-primary use	5,527,830,106	6,277,323,302	7,013,820,200	7,484,527,580	7,726,819,264	8,180,134,903	8,438,510,640	8,737,851,136	8,873,573,643	9,313,558,984
Residential real estate-not primary use	267,593,510	298,283,910	302,625,770	317,025,280	323,731,290	340,620,350	391,798,940	400,676,300	391,208,410	392,473,540
Commercial and industrial real estate	2,272,045,530	2,542,956,640	2,992,055,970	3,220,903,940	3,427,544,520	3,738,300,840	3,935,527,490	4,042,734,340	3,995,809,200	4,032,546,580
Agriculture-FAA	7,703,300	12,407,090	12,460,950	8,638,960	8,304,360	11,009,550	8,888,230	10,683,770	9,717,010	11,213,590
Unimproved non FAA	3,205,660	727,230	634,970	1,916,940	2,067,810	695,420	584,190	584,190	584,900	584,370
<b>Total Real Property</b>	<b>8,078,378,106</b>	<b>9,131,698,172</b>	<b>10,321,727,860</b>	<b>11,033,212,600</b>	<b>11,488,467,244</b>	<b>12,270,761,063</b>	<b>12,775,309,490</b>	<b>13,192,529,736</b>	<b>13,270,893,163</b>	<b>13,750,377,064</b>
<b>Personal Property:</b>										
Fee in lieu property	1,116,301,929	1,172,221,320	1,383,241,453	1,438,274,846	1,385,772,779	678,812,555	1,383,907,134	1,507,274,599	1,464,905,917	1,476,335,517
Mobile home-primary residential use	20,471,964	31,309,224	42,338,392	53,760,871	58,247,470	60,707,577	62,065,968	59,744,283	59,516,216	49,044,650
Mobile home-other use	1,294,946	1,351,898	1,594,730	1,400,347	1,539,976	1,323,864	1,257,233	1,922,987	1,574,960	1,305,134
Commercial and industrial property	798,194,042	867,481,322	901,953,179	1,141,869,395	1,135,480,052	1,093,521,908	1,136,086,349	1,178,491,669	1,170,861,671	1,110,029,585
<b>Total Personal Property</b>	<b>1,937,262,881</b>	<b>2,072,363,764</b>	<b>2,329,127,754</b>	<b>2,635,305,459</b>	<b>2,581,040,277</b>	<b>1,834,365,904</b>	<b>2,593,316,684</b>	<b>2,747,433,538</b>	<b>2,696,858,764</b>	<b>2,636,714,886</b>
<b>Total Locally Assessed</b>	<b>10,015,640,987</b>	<b>11,204,061,936</b>	<b>12,650,855,614</b>	<b>13,668,518,059</b>	<b>14,069,507,521</b>	<b>14,105,126,967</b>	<b>15,368,626,174</b>	<b>15,939,963,274</b>	<b>15,967,751,927</b>	<b>16,387,091,950</b>
<b>Total Taxable Property</b>	<b>\$ 11,348,349,968</b>	<b>\$ 12,625,276,194</b>	<b>\$ 14,048,065,859</b>	<b>\$ 15,091,814,074</b>	<b>\$ 15,491,525,657</b>	<b>\$ 15,568,502,833</b>	<b>\$ 16,739,377,531</b>	<b>\$ 16,986,838,322</b>	<b>\$ 16,839,144,665</b>	<b>\$ 17,647,962,487</b>

Source: Utah State Tax Commission - Property Tax Division - List of Final Values by year